

AGRICULTURAL OUTLOOK

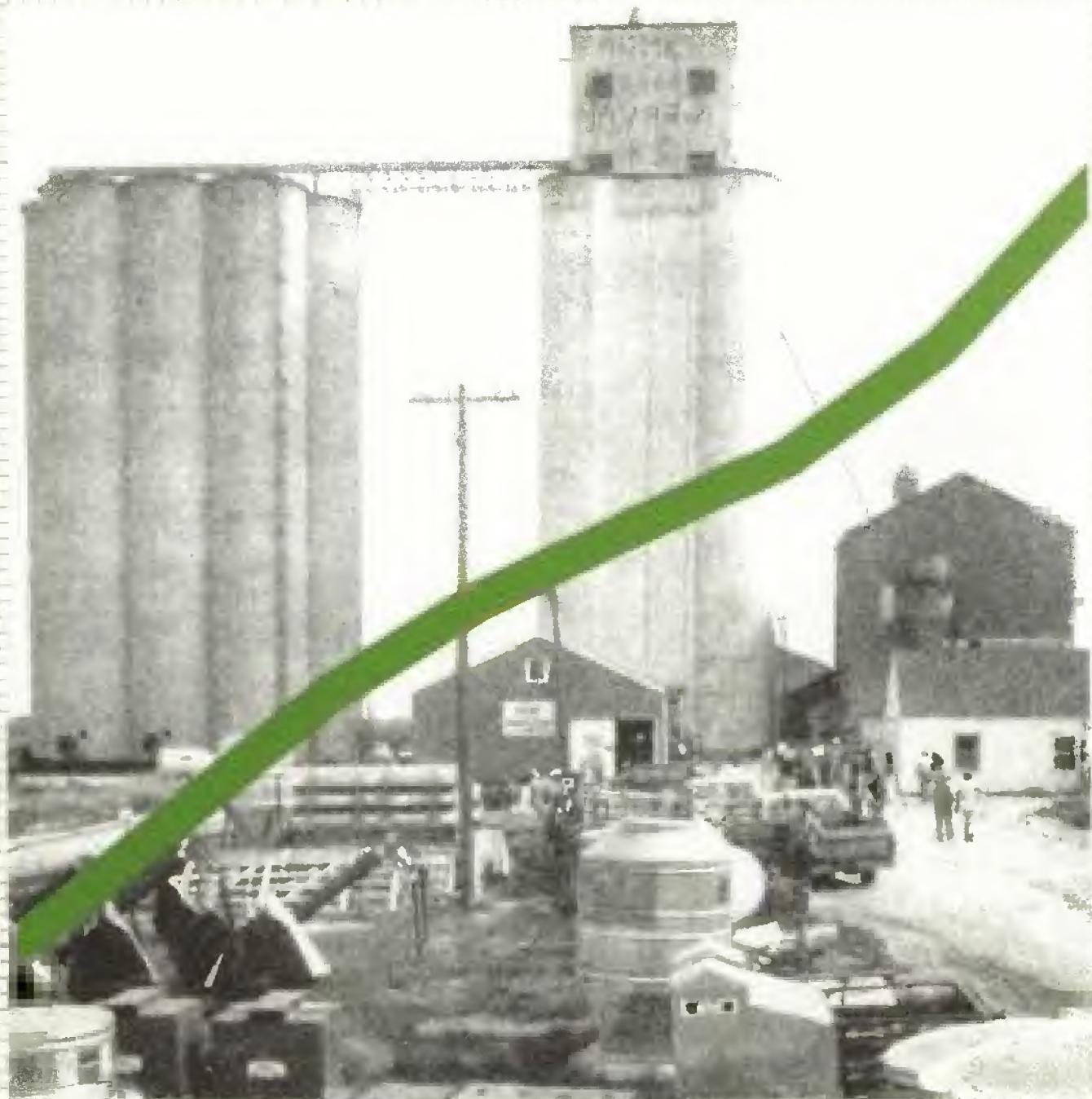
USDA • ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE • AO-42

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APRIL 1979



April 1979/AO-42

Page

1 Outlook in Brief

Upward pressure on farm and food prices has intensified in recent weeks as demand has continued strong despite tighter food supplies due to weather and cyclical livestock production patterns.

2 General Economy

General economic conditions—in particular, rising oil prices and record high interest rates—are a major factor in the outlook for agriculture.

3 Agricultural Economy

The outlook for farm income has improved from what seemed likely just a few weeks ago. With higher prices forecast for many crops, net farm income may total about \$31 billion, \$1 billion more than was forecast last month.

5 Food and Marketing

The 1979 retail food price increase is now expected to range between 8 and 10 percent. In fact, with commodity prices now expected to continue increasing in the second quarter, the annual average retail food price rise could be near last year's 10 percent.

6 Rising Marketing Costs: Their Impact on Food Expenditures

This article analyzes the impact of rising marketing costs on consumer expenditures for farm foods. After dividing consumer expenditures between farm value and marketing costs, it covers major aspects of marketing costs—inputs costs, food industry profits, and labor productivity.

8 Commodity Highlights

A substantial increase in hog production is in prospect this year, based on a reading of the latest inventory. Also, another year of large crops is in prospect. The big question at planting time is how much the unusually high soybean prices may push up soybean plantings at the expense of corn and cotton acreage.

10 World Agriculture and Trade

The current outlook for world agricultural production, the setting in which U.S. agriculture functions, suggests record U.S. agricultural trade this year.

12 Agricultural Policy

Details of several recent farm program decisions affecting wheat, feed grains, and credit are presented. With USDA's Disaster Payments Program set to expire with the 1979 crop year, crop insurance has become a key item on Congress' policy agenda.

14 Transportation

A government proposal to end economic regulation of the railroads could mean more and better service to some agricultural shippers, but higher shipping costs for others.

15 Recent Publications

A brief listing of recent USDA reports, arranged by subject matter, which might be of interest to Agricultural Outlook readers.

16 Statistical Indicators

A tabular presentation of key data series for the food and fiber sector.

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Outlook in Brief

Major topics in this issue of *Agricultural Outlook* include:

- updates of farm income and consumer food price forecasts.
- growth prospects for the economy, consumer spending, and interest rates.
- revised forecasts of commodity and input prices.
- outlook highlights for commodities.
- farm real estate prices.
- prospects for agricultural production and trade worldwide.
- proposed transport deregulation.
- proposed disaster assistance program.
- components of food expenditures.

General economic conditions are a major factor in the outlook for agriculture. The strong fourth quarter growth in the economy has carried over into the first part of the year. High levels of consumer incomes in late 1978 and early 1979 plus reductions in beef supplies from last year and temporary disruptions in supplies of some fruits and vegetables in January and February have resulted in continued upward pressure on food prices and, in turn, farm prices for most commodities. However, reduced supplies and rising prices for oil and record-high interest rates are contributing to sharply higher farm production costs.

The 1979 retail food price increase is now expected to be in the 8 to 10 percent range. In fact, if commodity prices continue to increase into the second quarter, the annual average retail food price increase could be near the increase experienced last year. Food price increases will be greatest in the first half of 1979. However, food prices should increase more slowly in second half 1979 as supplies of farm products increase and as the rate of growth in the economy slows significantly.

Total cash receipts should be more than \$125 billion.

The current forecast is for 1979 net farm income to be between \$28 and \$33 billion, allowing for weather and market uncertainties. Presently available information indicates a net farm income of about \$31 billion.

With continued high levels of employment and increases in wage levels, off-farm income should exceed last year's \$34 billion. Thus, total family income of farm operators should be larger than it was in 1978, and a record high.

Production expenses will rise about 12 percent to near \$108 billion.

Some price increases are expected for all major categories of inputs, with the sharpest price increases seen for energy-related items and feeder cattle.

Farm loan interest rates this spring reached record highs. Rates for nonreal estate loans of over 10 percent now are common at rural banks and production credit associations. Interest rates on farm mortgage loans now are averaging 8.9 percent (excludes stock requirements) at Federal Land Banks and near 10 percent at life insurance companies.

With higher interest rates and greater debt, interest expenses are expected to increase another \$2 billion this year to \$11 billion.

Farm real estate values increased an average of 14 percent for the year ending February 1, 1979, with the rise more evenly distributed across the Nation than in recent years.

Land prices have now tripled since 1970. Previous record rates of increase, occurring during 1916-1920 and 1945-49, have been exceeded.

The capital gains from appreciating land prices have improved the wealth and equity positions of landowners substantially and provided additional security for debt financing. However, many landowners who purchased real estate recently have not benefitted as much from this escalation in value. Since the beginning of 1970, accumulated unrealized capital gains from increased land values alone exceed \$383 billion, compared to the accumulated net income from farming of \$199.5 billion during the same period. Land prices are expected to rise again more than 10 percent during the coming year.



General Economy

General economic conditions continue to be important in the outlook for agriculture. Rising oil prices and record-high interest rates mean higher farm production costs. High levels of employment and strong consumer incomes are contributing to strong demand for food products. A slowdown in the general economy later this year and the attendant decreases in employment and incomes could slow the increases in food prices and farm level commodity prices while increasing outlays for food stamps and other food distribution programs.

The total output of goods and services (Real GNP) is forecast to slow substantially during the first half of this year from the 6.9 percent growth rate in the fourth quarter of 1978. By the third quarter, total output could stagnate or even decline. However, demand for food and fiber should remain strong through midyear, reflecting the current expansion in employment, disposable income, exports and population.

Industrial Sector Strong

New orders from manufacturers increased 2.9 percent from December to February. This included a 13.0 percent increase in the key nondefense capital goods category. The possibility of shortages of oil-related products and sharp increases in raw commodity

prices apparently caused many firms to rebuild stocks of essential materials. Inventories have been small relative to sales since the 1974-75 recession.

Strong demand for industrial products has put pressure on capacity, and contributed to inflation during the first 2 months of this year. However, industrial production in March is expected to increase more than in January and February, as new orders are filled. At the same time, employment should continue to expand while unemployment remains near the February rate of 5.7 percent.

Consumer Spending Eases

Retail sales weakened and consumer credit expanded at a slower rate in early 1979 than in late 1978. Housing starts declined 32 percent during the first 2 months of this year, but a part of this decline was due to bad weather.

Sales of durable goods increased marginally from December to February, while sales of nondurables increased 1.0 percent. Food spending continues to be bolstered by increases in income and employment as sales were up 2.1 percent at food stores and 3.5 percent sales at eating and drinking places.

Sales of apparel and accessories, in contrast, declined 6.2 percent during this 2-month period, after increasing 10.7 percent in 1978. The slower rate of growth in demand for nonfood items portends some easing of inflationary pressures in those sectors in the months ahead.

Interest Rates To Peak in 1979

With the introduction of money market certificates (MMC's) in the past year, rates at rural banks have paralleled rates at larger banks fairly closely. In the past, interest rates in the farm sector usually lagged behind rates in the general economy, and fluctuated within a narrower range. When interest rates at large money market centers increased, rates at rural banks did not rise as fast or as high; conversely when interest rates fell, rates at rural banks did not fall as fast or as far.

The rapid rate of inflation and a tight monetary policy have caused interest rates to move higher this year. Rates may peak during the second quarter and then decline gradually during the second half of the year as the economy slows with monetary policy a key determining factor. The prime rate is expected to average near 12 percent this year, compared with 9.1 percent in 1978.

Interest rates rose substantially in 1978. Short-term rates rose more rapidly, and by

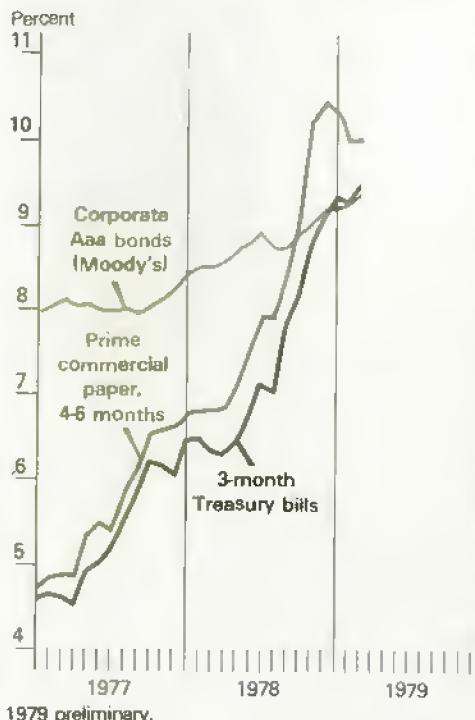
October, exceeded long-term rates. High short-term rates typically motivate depositors to withdraw funds from thrift institutions and to invest them in higher-yielding, short-term credit instruments. This reduces the availability of home mortgage loan funds at thrift institutions resulting in a decline in housing starts and contributing to a slowing in the general economy.

Several innovations now protect the market for housing during periods of high interest rates. On the demand side, variable-payments and flexible-rate mortgages have made high interest loans more acceptable. On the supply side, several changes now protect mortgage lending institutions from losing deposits during periods of high interest rates.

One, adopted in June, permitted thrift institutions to issue 6-month MMC's at competitive rates of interest. Another adopted in November, permitted commercial banks to automatically transfer funds from savings accounts to checking accounts. As a result, housing starts remained strong throughout 1978.

Because of the continuing high rate of inflation, a policy shift was made recently to slightly reduce the rate of interest permitted on MMC's. This will moderate the flow of funds into thrift institutions and reduce the supply of mortgage credit. As a result, housing starts in 1979 could drop considerably below the 2 million plus unit level of 1978.

Interest Rates to Peak in Second Quarter





Agricultural Economy

The outlook for farm income has improved from what seemed likely just a month ago. Key income indicators—cash receipts, net farm income, off-farm income, and total family income of farm operators—will exceed last year's levels, even though price increases should moderate with the anticipated slowdown in the economy during the second half.

Forecasts for prices received by farmers are higher now than last month, so cash receipts are also expected to be larger. Higher prices for major crops—particularly soybeans, fruits, vegetables, and nuts—have pushed the current forecast for cash receipts from crops to \$57 billion.

Higher prices for milk, poultry, and eggs will also add to cash receipts, but not enough to significantly change the forecast of \$68 billion for livestock cash receipts.

Total cash receipts should then be around \$125 billion.

Net farm income is forecast to range between \$28 and \$33 billion, allowing for weather and market uncertainties. Presently available information indicates a net farm income of about \$31 billion.

With continued high employment and increases in wage levels, off-farm income should exceed last year's \$34 billion. Thus,

total family income of farm operators is expected to be larger than in 1978 and a record high.

While current net farm income is a key measure of farmer's economic status, changes in asset values are also important. Farm assets were valued at a record \$798 billion at the beginning of this year, up 13 percent from the year before. Another substantial increase is expected in 1979. Most assets are in farmland.

Production Expenses To Increase

Because of higher input prices and a small increase in input quantities, production expenses will rise. Current indicators suggest a 12-percent increase to about \$108 billion.

Price increases are expected for all major input categories, with the sharpest rises seen for energy-related products and feeder cattle. Prices paid by farmers for all items are expected to increase 11 to 13 percent this year.

While higher feeder cattle prices will boost both cash receipts and production expenses substantially, increases in prices of other major inputs will add considerably to the net cash outflow of the agricultural sector. The impacts on production expenses of higher energy costs and interest charges will be particularly large this year.

Farm loan interest rates on farm loans reached record highs this spring. Rates for nonreal estate loans of over 10 percent are common at rural banks and production credit associations (PCA). Interest rates on farm mortgage loans at the beginning of the year were averaging 8.6 percent at Federal Land Banks and 9.8 percent at life insurance companies. However, interest rates on farm loans are still below prime rates, meaning that farmers can borrow money at interest rates below those that large city banks charge their prime industrial borrowers.

Loan-to-deposit ratios at rural banks are high relative to historical norms, which usually implies a reduced willingness of banks to further expand their loan volume. However, both bank and production credit association loan volumes are still rising.

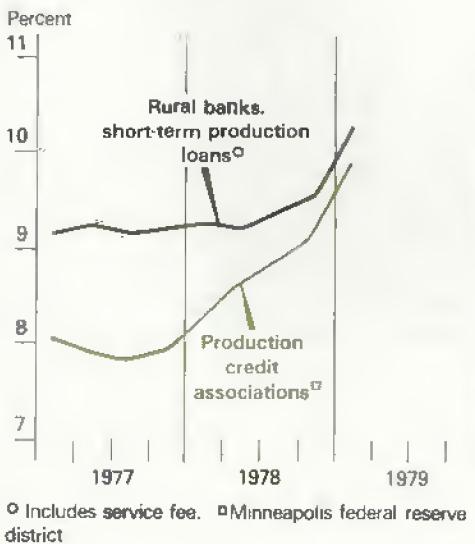
With higher interest rates and greater debt, interest expenses are expected to increase about \$2 billion this year to \$11 billion.

Land Prices Rise Sharply, Increasing Assets and Borrowing Power

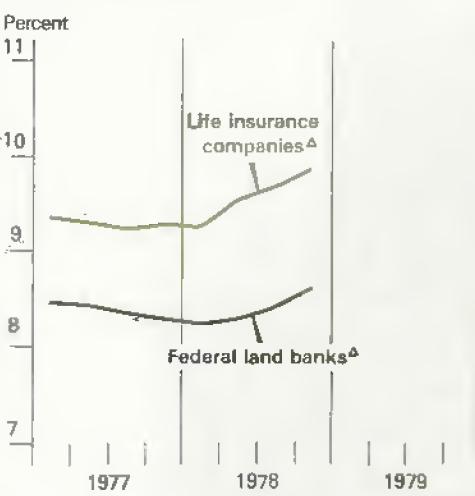
Farm real estate values increased an average of 14 percent for the year ending February 1, 1979, with the rise more evenly distributed across the Nation than in recent years. Prices rose faster than the year-earlier rate of 9 percent, due largely to the big gain in estimated 1978 farm income. This has restored optimism to many within the farm sector and raised farmland buyer and seller expectations.

Land prices have now tripled since 1970. Previous record rates of increase, occurring during 1916-1920 and 1945-49, have been

Interest Rates Rise on Non-Real Estate Loans ...



... and Real Estate Loans



exceeded. The current uptrend in land prices began in 1972 when foreign demand rapidly absorbed domestic grain surpluses. Grain prices doubled and in some cases tripled, thus changing abruptly the income expectations of many farmers.

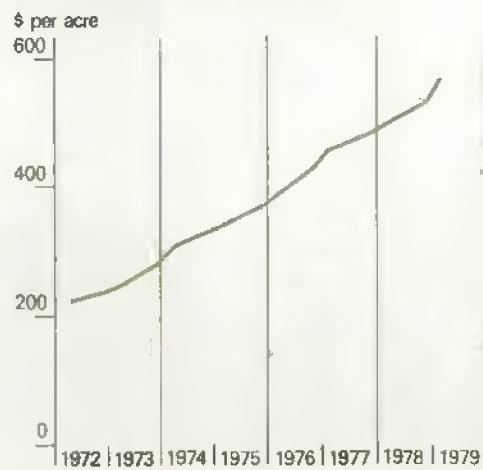
These higher expectations intensified demand for farmland, particularly in major-crop areas, and land prices increased dramatically. The strong demand has become more widespread recently due to cyclical recovery in the cattle sub-sector, continued profitability of hogs, and increased prices of fruits and vegetables.

On the supply side, little land is offered, and typically only 2.5 to 3.0 percent of farmland is sold annually. The combination of a large demand with a small supply has been a major reason for the rapidly rising prices of farmland.

The capital gains from appreciating land prices have improved the wealth and equity positions of farmers substantially, providing additional security for debt financing. During the 1970's long-term loan funds have been readily available and loan terms have been liberalized. The net effect has been to increase effective demand and prices for land.

The demand for land will continue strong in 1979. The forecast is for land prices to rise 10 to 15 percent between February 1979 and February 1980.

Farmland Values Up Sharply



Who Owns The Land?

Private individuals and corporations own about 60 percent of the 2.3 billion acres of U.S. land, while the rest is owned by Federal, State, and local governments and American Indians, according to a recent USDA report.

About 7 to 8 million farm, ranch, and forest owners control close to 95 percent of all privately held land, while the 2 percent of U.S. land used for housing is owned by between 47 and 58 million people. Commercial, industrial, recreational, and other uses account for the remaining 3 percent.

Single copies of *Facts About U.S. Landownership* (AIB-422) are available free by writing ESCS Publications, Room 0054, South Building, USDA, Washington, D.C. 20250.

Oil Prices Increase Sharply

On April 1, members of the Organization of Petroleum Exporting Countries (OPEC) began charging the full 14.5-percent increase above December 1978 prices of crude oil that was scheduled to be phased in by October 15. Members of OPEC were also given the option of applying surcharges to the minimum price. Some OPEC nations already have announced their intentions to impose surcharges and some have said they will not.

The minimum OPEC price increase translates into a 6.5-percent increase in the blend price of crude oil and about a 4-cents-a-gallon increase in the pump price from last December. Pass-through of added refining costs likely will add 2 to 3 cents a gallon more to prices.

And if domestic oil is deregulated, pump prices could increase another 5 cents a gallon, depending on the timing and type of deregulation.

Prices Paid by Farmers for Gasoline and Diesel Fuel

	Leaded regular bulk delivery	Diesel fuel
	(Cents per gallon)	
March 1978 ...	57.8	45.8
June 1978	59.2	45.7
December 1978	62.9	48.0
March 1979 ...	67.1	51.9

Without deregulation, December 1979 prices are expected to average 8-10 cents a gallon above December 1978 prices. With total deregulation, prices might be 14-16 cents higher. The surcharge of up to \$4 a barrel could add as much as 6 cents per gallon.

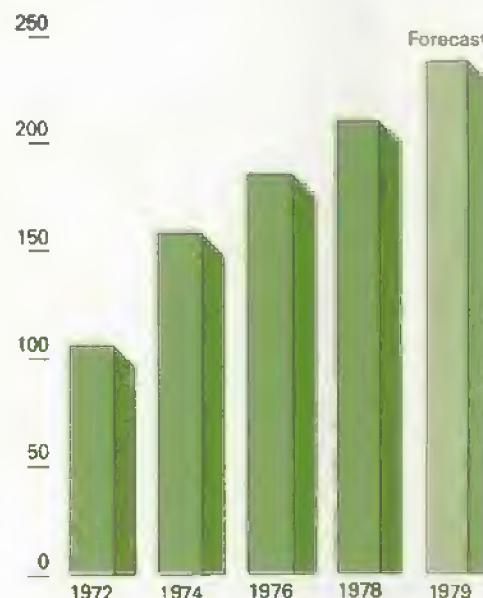
However, gasoline and diesel fuel supplies will be adequate for agriculture this spring despite spot shortages as a result of the tightening of world oil supplies stemming from the disruption of production in Iran.

In the spot market for crude oil, prices have risen sharply since January, reportedly to over \$20 a barrel. Although only a small fraction of world oil is sold on the spot market, prices there are an indication of the strength of demand.

The current situation has prompted the U.S. Government to institute emergency purchase allocations for small refiners who have had their petroleum supply network upset by the crisis in Iran and prepare a gasoline rationing plan to become effective only if less drastic conservation measures fail. Even with rationing, farmers would be assured sufficient fuel to meet national food and fiber production needs.

Farmers' Energy Prices Will Rise Sharply in 1979

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Food and Marketing

Higher prices for farm products, particularly cattle and hogs, and strong consumer demand during the first quarter are reflected in higher food prices. Live cattle prices exceeded \$73 per hundredweight in late March; hog prices were near \$46. The index of retail prices for meats reflected these high prices increasing a seasonally adjusted 3.0 percent in January and another 4.9 percent in February.

The 1979 retail food price increase is now expected to be in the 8 to 10 percent range. Increases are expected in the value of domestic farm commodities, the costs of marketing services, the costs of food without a domestic farm base and the costs of food eaten away from home.

If commodity prices continue to increase into the second quarter, the annual average retail food price increase could be near the increase experienced last year.

However, current prospects suggest a moderation of commodity and food price increases in the second half of the year if large crop harvests and larger pork and poultry production push food supplies higher as the economy weakens and consumer demand is dampened.

Farm level commodity prices are now expected to rise 10 to 13 percent this year, primarily due to higher than expected cattle prices. These price increases alone add 3 to 4 percentage points to the rise in the food-at-home component.

Marketing costs are expected to rise 8 to 10 percent, adding 4 to 5 percentage points to rising food prices.

Fish and imported foods, which are expected to rise 5 to 7 percent, will contribute an additional percentage point to the rise in retail prices of foods consumed at home. Declining coffee prices will partially offset an expected rise in retail fish prices.

Adding these expected increases for the major aggregate components gives an expected increase for food at home of 8 to 10 percent this year. With costs for food away from home also expected to rise 8 to 10 percent, total food price increases should fall in an 8 to 10 percent range.

Food Prices Increase Sharply In First Quarter of 1979

The current forecast for retail food prices reflects a large first quarter rise. Both livestock and crop food product prices are expected to continue to increase, but at significantly slower rates in the remaining three quarters of the year.

Food price increases in the second half of the year will be lower than during the first 6 months. As the economy begins to slow near the end of the year, price increases should moderate as demand slackens.

February Food Prices Increase

The Consumer Price Index (CPI-U) for retail food products increased 1.6 percent in February on a seasonally adjusted basis. This reflects a 1.8-percent increase for food at home and a 1.3-percent increase for food away from home. The February increase brought the all-food index to a level 13 percent higher than in February 1978.

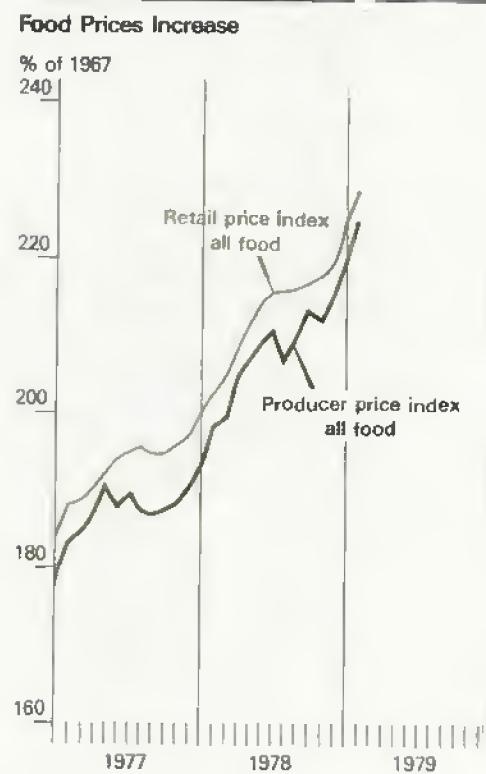
Prices of almost all major foods increased significantly for the second consecutive month. Meats, poultry, and fresh fruits accounted for three-fifths of the food price rise.

On an unadjusted basis, food at home increased 2.2 percent in February. The farm value of the market basket (domestically produced foods) rose 3.8 percent in February and accounted for 57 percent of the rise in grocery store prices. The farm to retail price spread increased 1.5 percent and accounted for 35 percent of the February increase. Fish and imported foods which increased 0.8 percent, accounted for the remaining 8 percent.

Poultry and Egg Use Sets New Record

Consumers ate more poultry in 1978 than ever before. Per capita use totaled 57 pounds, an increase of 3 pounds over 1977. Consumption of broilers increased to 44 pounds per person, up from 41.7 pounds in 1977. Per capita use of mature chicken held steady at 3.2 pounds. Turkey consumption rose slightly to 9.4 pounds per person. Broiler and turkey consumption will increase moderately in 1979.

Larger egg production resulted in the first increase in per capita egg consumption since 1971. Use in 1978 rose to 278 eggs per person, 6 more than in 1977, but still 34 eggs below 1971.





Rising Marketing Costs: Their Impact on Food Expenditures

By Denis Dunham
National Economic Analysis Division

Spending on domestically produced farm food totaled \$208 billion in 1978, up 11 percent from 1977, mostly because of the sharp rise in retail food prices. There was little change in the volume of food purchased. Expenditures were about equally divided between crop and livestock products.

Farmers received \$67 billion of the spending total, up 17 percent from 1977's total of \$57 billion and the first significant increase in the farm value of food since 1973. About three-fourths of the increase was due to higher prices for livestock products.

Consumer expenditures for domestic farm foods have increased \$89 billion since 1972. More than two-thirds of the increase, \$61 billion, was due to charges for marketing products after they left the farm. Farm value has increased \$28 billion since 1972, with most of the increase in 1973 and in 1978.

While a substantial increase in farm prices pushed food expenditures higher in 1978, nonfarm costs have been the most persistent source of rising food expenditures.

Input Costs Increase

Increases in marketing costs mainly reflect rising wages and salaries of workers and rising prices for intermediate inputs—packaging materials, fuels, automotive supplies, insurance, rental of buildings and equipment, transportation services, and repair work. Over time, price changes for these inputs have tended to closely parallel the movements in the general price level.

For most food marketing functions, about half the total cost is for labor. Such costs have risen with the upward trend in hourly earnings for employees of food marketing firms, coupled with limited productivity gains.

In 1978, average hourly earnings for employees of food stores, wholesalers, and processors rose 8.7 percent. The increase in hourly earnings of food store employees was

9.6 percent, a faster rate than the increase in processing, and the 8.3 percent average for the economy.

New labor contracts were negotiated for 165,000 workers in food retailing. New contracts usually provide the largest wage increases in the first year of the agreement, which may account in part for the relatively larger increase in hourly earnings in food retailing.

Prices of intermediate goods and services continued to rise although more slowly than the year before. Prices of fuels and electricity, which rose 20 percent in 1977, slowed to 5.5 percent. Prices for natural gas, and liquid propane gas, the principal energy source for food processing, rose 10.5 percent. Electric power rates rose 7.7 percent compared with 12 percent in 1977.

Wholesale prices of food containers and packaging materials rose an average of 8.2 percent in 1978, a larger increase than the previous 2 years. Wholesale prices rose 14 percent for glass containers and 13 percent for metal cans, but only 5.6 percent for paper and paperboard products such as shipping boxes, milk cartons, and grocery bags.

Railroad and motor freight rates for shipping food products continued to rise in 1978, pushing up the costs of transportation. Railroad freight rates averaged 7.7 percent higher, largely reflecting general rate hikes in November 1977 and June 1978. Increases in rates for trucks were probably smaller than for railroads.

Profits Increase for Food Chains

In 1978, profit margins of retail food chains increased, while those of food manufacturers held constant, according to data compiled by the Federal Trade Commission.

After-tax profits of food chains with over \$100 million in annual sales averaged 0.87 percent of sales in the first 9 months of 1978, compared with 0.75 percent a year earlier. Return on stockholders' equity increased from 10 to 12 percent.

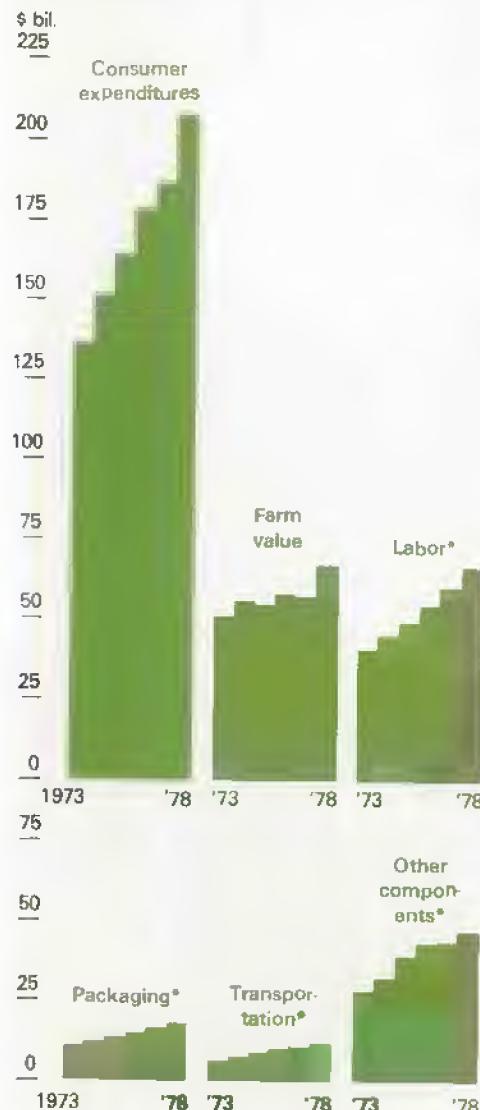
Although average profit margins for food chains rose in 1978, financial performance varied widely among firms. Among 15 leading chains, four reported losses for 1978 and two of these firms filed for protection under bankruptcy laws. Among the other firms, profit margins after taxes varied from 0.9 percent of sales to a high of about 2 percent. As a rule, chains with modern stores in good

locations and aggressive merchandising policies were able to improve profit margins in 1978.

Food manufacturers' profits after taxes averaged 3.1 percent of sales for the first 9 months of 1978. This was essentially the same level as in 1977, but slightly lower than in 1976 when profit margins peaked following an upward trend that began in the early seventies.

Returns on stockholders' equity showed a similar trend and averaged 13.4 percent in 1978. This rate was 1.2 percentage points lower than the average return to equity in all manufacturing.

Spending Climbs for U.S. Farm Foods and Components



*Components of total marketing bill. For domestic farm foods purchased by civilian consumers for consumption both at home and away from home. 1978 preliminary.

Productivity Gains Slowly In Food Marketing

Productivity (output per man hour) gains in food marketing have been very small in this decade. This slow growth combined with sharply rising hourly labor costs have been a major contributor to rising marketing costs. In food manufacturing, output per hour of labor increased 1 percent per year from 1972 to 1977, reflecting a small upward trend in output and a small decline in hours of labor employed.

In contrast, the latest estimate for retail food stores indicates productivity has declined since the early 1970's. Hours of work in food retailing have risen faster than output, apparently as a result of the trend toward Sunday store openings, longer hours of operation during the week, and the growth of such service-oriented operations as store bake shops and delicatessens.

Food industry productivity estimates are not yet available for 1978. However, productivity increased only 0.5 percent in the non-farm economy in 1978. This appears to have resulted partly from businesses electing to add more workers who are younger and less skilled to keep down capital expenditures because of uncertainty about inflation and business prospects. Since capital investment usually increases productivity, the substitution of labor for capital probably contributed to the recent slowdown in productivity. (Based on "Developments in Marketing Spreads for Food Products in 1978," AER-420. Single free copies are available for ESCS Publications, Room 0054 South, USDA, Washington, D.C. 20250.)

Formula Pricing for Beef Extremly Widespread

Formula pricing has become extremely widespread in the Nation's beef industry, according to a USDA staff report on beef carcass marketing and price reporting at the wholesale trading level.

The report released to the public the results of a study carried out by officials of the U.S. Department of Agriculture's packers and stockyards program. The study was mandated by the President following criticism of the beef price

reporting system and the practice of selling and buying beef by formula.

The report points out that the \$20 billion beef industry—comprising more than 20 percent of the cash receipts to U.S. agriculture has undergone substantial change in recent years. About four-fifths of the steers and heifers are now marketed directly from feedlots to slaughtering plants instead of through terminal and auction markets.

Both formula and negotiated pricing methods were used to arrive at sale prices. In the formula method, the sale price is based on the price published on a specified future date by a specific market reporting service.

According to the report, 70 percent of all carlot carcass sales made by the 35 plants surveyed during 1977 were formula-priced. Sixteen percent of all carcass sales were made through brokers, and half of these were on a formula basis. In addition, most sales to certain retailers in selected markets were priced on a formula basis.

A copy of the beef pricing report is available from Information Division, AMS, room 3620-South, USDA, Washington, D.C. 20250.

April Situation Report Schedule

Situation reports which will be released by USDA's World Food and Agricultural Outlook and Situation Board this month are:

Title	Off Press
Livestock and Meat	April 11
Ag. Supply and Demand	April 24

Single copies of the above reports may be obtained by writing to: ESCS Publications, Room 0054 South Building, USDA, Washington, D.C. 20250.



Commodity Highlights

Hogs: Slaughter rates are expected to accelerate during the rest of 1979, exceeding year-earlier levels by 10 percent this spring, 15 percent this summer, and 20 percent this fall. In late March, hogs were about \$43 per cwt., down about \$13 from winter highs. Hog prices likely will run in the mid \$40's through the summer, but then decline several dollars in the fall.

U.S. Hog Inventory and Pig Crop, 14 Major States

	1978		1979		Change
	Thou. head	Pct.	Thou. head	Pct.	
Inventory-March 1:					
Kept for breeding	6,946	8,344	+20.1		
Market	37,734	42,167	+11.7		
Total	44,680	50,511	+13.1		
Sows farrowing*					
Dec. ¹ -Feb.	2,285	2,659	+16.4		
Mar.-May	2,870	2,3,548	+23.6		
Jun.-Aug.	2,658	2,3,163	+19.0		
Pig crop:					
Dec. ¹ -Feb.	15,626	18,260	+16.9		
Mar.-May	20,716	—	—		
Jun.-Aug.	19,195	—	—		

¹ December of preceding year. ² Intentions.

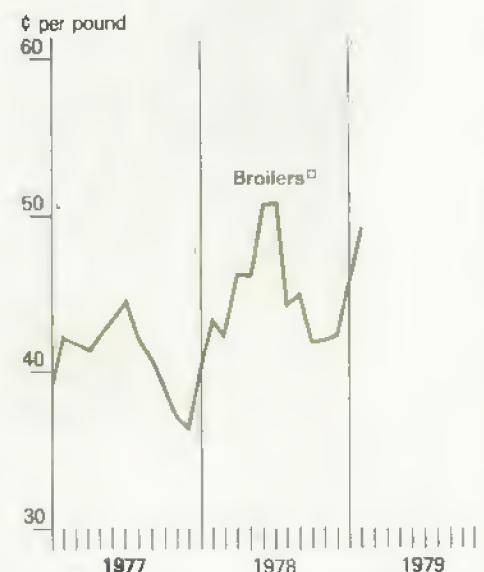
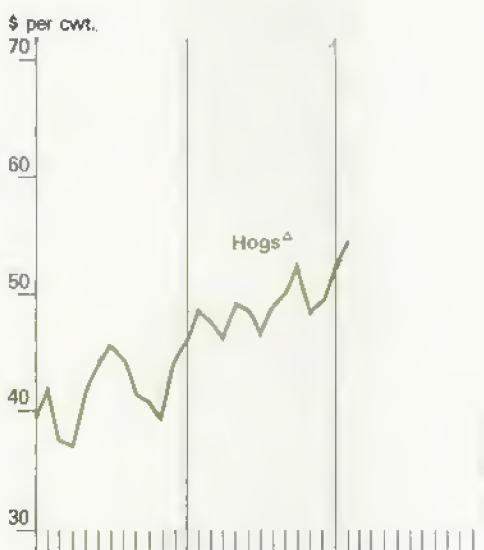
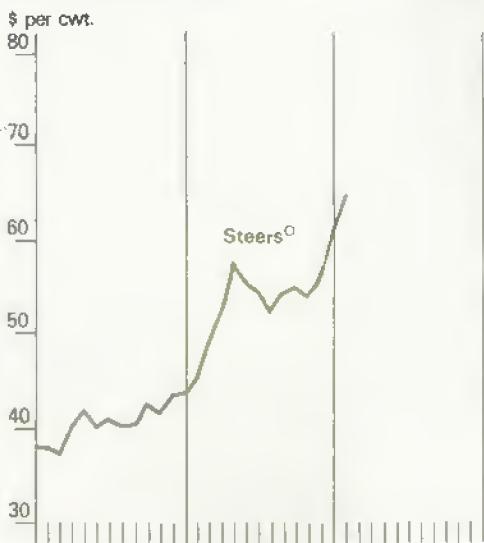
Cattle: Feeder cattle prices this spring and summer will show the effects of both strong feedlot demand and lower supplies. Yearling feeders are expected to average in the mid-\$80's, compared with \$60 last year. The feeder cattle supply—the number of calves and yearling cattle outside feedlots—is down 7 percent this year, reflecting liquidation of the cattle herd. However, high feeder prices are encouraging producers to hold animals back from slaughter. Calf slaughter may be reduced almost 40 percent during 1979, while slaughter of grass-fed steers and heifers will be down 50 percent or more. Reduced slaughter of calves and yearlings could make an additional 3 to 4 million animals available to cattle feeders in the second half of the year and in 1980.

Milk: Sharply higher farm prices have triggered an expansion in milk output. February production was 1 percent larger than a year earlier, the largest monthly gain in more than a year. In spite of very high cull cow prices, milk cow numbers were less than 1 percent below February 1978—a relatively small decline. Favorable milk-feed price relationships, however, were reflected in a more typical gain in output per cow. This spring, milk production probably will be 1 to 2 percent above a year ago.

Eggs: Strong consumer demand for high-protein foods has increased demand for eggs and is holding prices above a year ago, despite 2 to 3 percent larger production in the first half. Prices in early March rose to the mid-70's. They will decline seasonally this spring and average in the upper 50 cents-a-dozen range, slightly higher than the 54 cents in April-June 1978. On March 1, there were 3 percent more layers on farms. However, output per layer was about the same as a year ago. More pullets will be available for flock replacements in coming months, more than offsetting increased culling of old flocks.

Prospective Plantings: Farmers' planting intentions for major crops as of early April will be published on April 16. A major question is whether the unusually strong soybean prices will cause increased soybean plantings at the expense of corn and cotton acreage. Weather in the Corn Belt may also affect plantings of these crops. A wet spring that delays corn planting would also tend to increase soybean acreage.

Livestock Prices Higher



○ Choice steers, Omaha. △ Barrows and gilts, 7 markets. □ 9-city average.

Feed grains: Most major feed grain areas have adequate soil moisture to get crops off to a good start. At mid-March, surplus moisture was reported in the Southwest where drought hit last year. Corn and sorghum planting is underway in the South. Barley and oat planting in Kansas is ahead of last year. Early planting of corn has made good progress in the Southeast. In the Corn Belt, the fall of 1978 was favorable for soil preparation and spring planting is expected to get underway at the normal date. However, heavy snow cover and low soil temperatures may delay plantings.

Wheat: Winter wheat is rated fair to good throughout most of the Nation. More moisture is needed in some areas of the Texas Plains and there are scattered reports of winter-kill in the Pacific Northwest. The first forecast place the 1979 Hard Red Winter crop at 940 million bushels, up 13 percent from 1978; Soft Red Winter at 275 million,

36 percent higher; and Winter White at 227 million bushels, up 7 percent from a year ago.

Soybeans: Both crushings and exports are at record rates. The total use this year will exceed the 1978 crop of 1.84 billion bushels, drawing carryover stocks on September 1 down to 140 million bushels, compared with 161 million bushels last September.

Farm prices averaged \$6.50 a bushel, September through February, about \$1 above the similar period last season. Strong prices reflect the heavy crush and exports as well as the downward revision in the Brazilian crop to be harvested in May. Season average prices for 1978-crop soybeans are expected to be about \$6.75 per bushel, compared with \$5.88 for the 1977 crop.

Potatoes: Spring acreage is 2 percent larger than last year. If yields are average, spring tonnage would be about 20 percent

larger than last year's rain-damaged crop. With a larger spring crop and large stocks of storage potatoes, the usual late spring price rise will be less pronounced this year.

USDA recently announced it would pay growers of round red and round white potatoes in the Red River Valley \$2.00 per cwt. to divert up to 1.5 million cwt. for livestock feed. This would mean a total diversion of 12 million cwt. from the 1978 fall crop of 318 million cwt.

Cotton: Spot market prices for SLM 1-1/16-inch cotton averaged 59 cents a pound in mid-March, 5 cents below the December average. Over the same period, both soybean and feed grain prices increased relative to cotton. As a result, 1979 cotton acreage could be 300,000 to 500,000 acres below the 14.1 million indicated by farmers in January. The prospects, however, for production exceeding next season's disappearance remain strong.

KEY STATISTICAL INDICATORS OF THE FOOD AND FIBER SECTOR

	1977				1978				1979			
	Annual	I	II	III	IV	Annual	I ¹	II	III	Forecast	Annual ²	
		Range										
Prices received by farmers (1967=100)	183	193	214	214	219	210	240	238	238	225-245		
Livestock and products (1967=100)	175	195	215	220	232	216	263	259	262	250-270		
Crops (1967=100)	192	192	212	207	203	203	214	215	212	195-235		
Prices paid by farmers, all items (1967=100)	202	211	218	221	225	219	238	242	246	243-248		
Production items (1967=100) ²	208	218	226	228	232	226	249	252	256	251-258		
Farm Production (1967=100)	121	—	—	—	—	122	—	—	—	—	—	
Livestock and products (1967=100)	106	—	—	—	—	108	—	—	—	—	—	
Crops (1967=100)	130	—	—	—	—	131	—	—	—	—	—	
Farm income ⁴												
Cash receipts (\$ bil.)	96.1	104.6	109.3	109.0	117.7	110.2	125.3	124	125	120-130		
Livestock (\$ bil.)	47.6	52.7	57.4	57.7	64.0	58.0	68.5	66	67	65-71		
Crops (\$ bil.)	48.5	51.9	51.9	51.3	53.7	52.2	56.8	58	58	55-59		
Gross farm income (\$ bil.)	108.1	118.3	123.0	122.6	133.2	124.3	138.9	139	139	135-144		
Production expenses (\$ bil.)	88.0	92.5	95.0	95.5	101.5	96.1	105.5	107	109	107-111		
Net income before inventory adjustment (\$ bil.)	20.1	25.8	28.0	27.4	31.7	28.2	33.4	32	30	28-33		
Net income after inventory adjustment (\$ bil.) ⁵	20.6	26.3	28.0	27.6	33.2	28.8	33.4	32	29	28-33		
Market basket: ⁶												
Retail cost (1967=100)	179.2	188.1	199.1	204.2	206.2	199.4	217	219	222	215-221		
Farm value (1967=100)	178.1	191.1	211.1	213.2	213.8	207.4	237	233	232	228-235		
Spread (1967=100)	180.0	186.1	191.8	198.7	201.6	194.5	206	211	217	210-214		
Farm value/retail cost (%)	38	38	40	39	39	41	41	40	39			
Retail prices:												
Food (1967=100)	192.2	201.8	201.5	215.3	218.0	211.4	228	231	234	228-233		
At home (1967=100)	190.2	199.9	210.0	214.4	216.5	210.2	227	230	233	227-231		
Away-from-home (1967=100)	200.3	210.3	215.9	221.6	226.0	218.4	233	236	240	236-240		
Per capita food use (1967=100)	104.3	—	—	—	—	104.1	—	—	—	104-105		
Animal products (1967=100) ⁷	103.0	100.7	99.9	100.6	104.2	102.0	99.0	99.7	101.2	101-103		
Crop products (1967=100)	105.7	—	—	—	—	106.5	—	—	—	106-108		
Agricultural exports (\$ bil.) ⁸	24.0	6.1	6.5	7.9	6.8	27.3	8.2	7.6	7.6	27-33		
Agricultural imports (\$ bil.) ⁹	13.4	3.0	3.9	3.4	3.6	13.9	3.9	3.8	3.8	14-18		

¹ Preliminary. ² The chances are 2 out of 3 that the final outcome will fall within this range. ³ Including interest, wages, and taxes. ⁴ Quarterly data are seasonally adjusted at annual rates; 1978 data are preliminary estimates. ⁵ Includes net change in farm inventories. ⁶ Quarterly data are given at annual rates. 1978 revised to conform with the new Consumer Price Index-All urban. ⁷ Quarterly data exclude fish products. ⁸ Annual and quarterly data are based on Oct.-Sept. fiscal years ending with indicated years; quarters indicated refer to fiscal year quarters, not calendar year quarters, i.e. I 1978 means Oct.-Dec. 1977, II 1978 means Jan.-Mar. 1978, etc.



World Agriculture and Trade

The current outlook for world agriculture suggests another record in the value of U. S. agricultural trade in fiscal 1979. While quantities traded may be about the same as in fiscal 1978, prices are expected to be higher.

Prospects for 1979/80 world crops, though highly uncertain, are for continued large production, although perhaps slightly below last year's record. To date, only a small amount of the world crop is planted.

Beef and veal production is expected to decline worldwide in calendar 1979, but pork and poultry output is likely to expand in most countries. Prospects for principal U. S. competitors and major U. S. markets in the 1978 and 1979 crop years are presented below.

Some Principal Competitors Enjoy Favorable Prospects

Argentina: Wheat production and exports are well above a year ago, but the upcoming corn and grain sorghum harvests are expected to be below the 16-million ton crop of 1978, when yields were record high. Corn and sorghum exports are expected to remain near 10.3 million tons as corn stocks are drawn down.

Argentine soybean production is expected to be a record 3.3 to 3.8 million tons, even though drought has reduced production prospects. Thus, oilseed exports are expected to increase about 11 percent to 2.8 million tons. Meal and oil exports are expected to remain near last year's volumes of 1.4 million and 500,000 tons respectively.

Australia: A record wheat crop of over 18 million tons was harvested in late 1978. Marketing year (Dec.-Nov.) exports are expected to rise roughly a fourth to about 10 million tons and a roughly 6-million ton increase in stocks is anticipated.

Australian meat production remains below trend and slaughter of cattle and sheep is expected to decline in 1978/79. Yet a strong world market is pulling beef away from the domestic market, and beef exports are expected to be up 5 percent to 800,000 tons. Some increase is expected in pork and poultry production. Domestic beef prices have increased about a fourth since the end of 1977.

Brazil: 1979 soybean production has been reduced somewhat by a persistent drought in the highly productive states of Rio Grande do Sul and Parana. USDA's estimate of Brazil's 1979 soybean

production was lowered in March to a range of 10.5 to 11.5 million tons. The drought has also damaged the corn and rice crops, making corn exports unlikely in 1979 because of Brazil's need to build up depleted stocks.

Brazil's wheat import requirements will still be as high as 4 million tons, even though wheat farmers are expected to expand plantings. Imports will include about 300,000 tons of wheat from France in addition to those from the customary suppliers—the United States, Canada, and Argentina.

Canada: Grain production may decrease for the fourth straight year. Reductions are expected for both barley and oats while the sharp expansion of rapeseed production is expected to continue. Canadian beef and veal production will continue to decline in 1979 but pork and poultry output will be up 10 percent following a big increase last year.

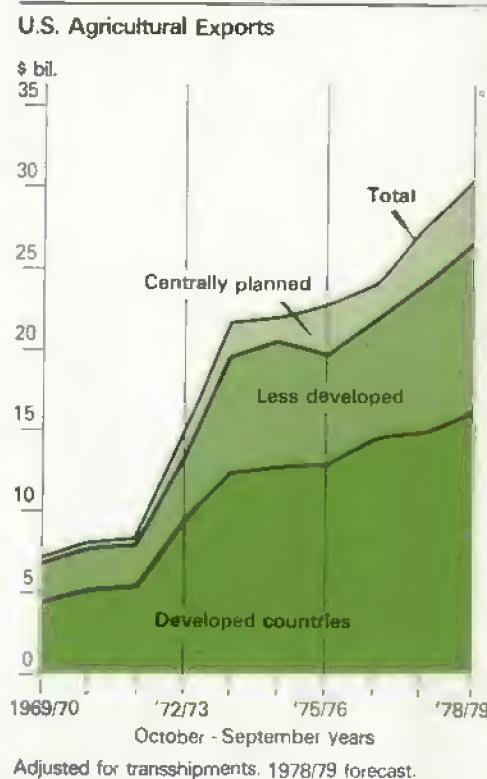
South Africa: Corn and wheat crops are expected to be the smallest in 3 to 4 years as yields are down for both crops. The corn crop is estimated at 7.5 million tons, compared with last year's high level of 10 million.

Corn exports from this year's harvest could be down to about 2 million tons compared with about 3 million from last year's crop. Overseas exports of white corn may be eliminated to meet domestic needs.

Outlook in Major Markets Mixed

China: Though official reports have had little to say about 1979/80 crops, drought is known to be a problem in some of China's major wheat-producing areas. Winter wheat and early rice, the two most important early grain crops, face the prospect of smaller yields in drier areas unless above-normal precipitation occurs in April.

During February, China concluded an agreement with Canada calling for Chinese purchase of 8.4 to 10.5 million tons of wheat over a 3 year period beginning August 1. Long-term agreements now in effect with Canada, Australia, and Argentina call for Chinese grain purchases of approximately 6 to 7 million tons annually from these countries over the next 3 years. If the Chinese hold to their stated intention to purchase 5 to 6 million tons of U. S. grain annually over the next several years, total Chinese grain imports will continue in the 11 to 13 million-ton range through 1981.



China is reported to have purchased several hundred thousand tons of Argentine soybeans recently and is expected to again be a net importer of soybeans during 1979.

Eastern Europe: Grain imports are expected to remain near 13 million tons as output gained only slightly in 1978. U. S. exports of wheat to Eastern Europe may decline slightly in 1978/79, but corn and soybean meal exports are expected to increase. Agricultural production targets for 1979 call for increases ranging from 2 percent in East Germany to 7 percent in Bulgaria.

India: Gains in the 1979 wheat crop are expected to push production of cereals and pulses slightly above the record high 125.6 million tons harvested in 1977/78. Wheat stocks have been drawn down to 8.6 million tons as of February, but India's shipments of 1.5 million tons of wheat to the Soviet Union and Vietnam repaying the 1973 "Soviet Grain Loan" have been completed. Exports of wheat during 1979 are likely to fall below 300,000 tons. Government rice stocks rose to almost 9 million tons and exports are expected to total over 200,000 tons this year, including some to Vietnam financed by the USSR.

Pakistan and Bangladesh: Despite relatively good wheat harvests, demand is still rising faster than local output. Pakistan's wheat imports are likely to reach 2.2 million tons this year, including about 1.5 million tons from the United States.

Philippines: Despite typhoon damage, rice production increased sufficiently in 1978 to allow for a sharp increase in rice exports in 1979. The total rice supply exceeded requirements by about 260,000 tons. Prospects for 1979 are that Japan will continue to increase diversion of rice acreage its most important agricultural enterprise to other priority crops.

Indonesia: Rice production increased in 1978, although rising demand will cause imports to remain above 1.4 million tons in 1979, compared with a high of 1.9 million in 1978.

South Korea: Rapid growth in the South Korean economy has increased the demand for livestock and meat products. An expected increase of more than 15 percent in livestock production is resulting in a sharp increase in demand for U.S. feed grains and soybeans.

Iran: The on-going political turmoil—and related port slowdowns, strikes by customs officials, and fuel shortages—has created a severe shortage of imported feed grains for the poultry and livestock industries. The

poultry industry has virtually been wiped out by mass slaughter of both broilers and layers, and hatching eggs have been diverted to the consumer market. Following the short-term glut, there will be a severe shortage of the poultry meat which Iranians have become accustomed to eating over the past 4 to 5 years. The new dietary restrictions which require ritual slaughter affect frozen meat and greatly reduce the supply of imported beef.

Iran's crop production will be hampered by shortages of many inputs, including labor and fuel. Shortages of pesticides portend particular problems for the rice crop which has consistently suffered from stem borer infestation.

Prospects for U.S. agricultural exports to Iran are uncertain. Feed grain exports which were made largely to the poultry industry, will decline. Exports of wheat, rice, and other foods will depend on the level of domestic production and policy decisions.

Japan: Prospects for 1979 are that Japan will continue to increase a diversion of rice acreage—its most important agricultural enterprise—to other priority crops. The high support price for rice (\$1,300 per ton) has led over time to undesirably large stocks, resulting in a government program to

dispose of 4.6 million tons (brown basis) over a 5-year period. Rice will be subsidized for export, for industrial uses, and for livestock feeding. The feeding situation is expected to continue favorable in 1979 with pork, egg, and broiler production forecast to increase 3.5, 1.0, and 8.0 percent, respectively. Coarse grain imports in 1979 will be affected marginally by the subsidized use of 100,000 tons of rice in formula feed production. Sixty-three percent of Japan's coarse grain imports and 97 percent of their soybean imports in 1978 were supplied by the United States.

Mexico: Demand for agricultural products is expected to increase faster than domestic production in 1979. Wheat imports are expected to increase sharply. Corn imports are estimated at about 1.8 million tons while sorghum imports should reach 1.1 million tons.

Increased demand from the expanding swine and poultry industries will continue to push imports of oilseeds and oilseed products to a new record level of nearly 1.2 million tons (oilseed equivalent). The United States will again be supplying the bulk of these Mexican imports, and total U.S. agricultural exports to Mexico could pass the billion dollar mark.

USSR: Crop production probably will not equal 1978's high levels, despite general favorable prospects. On the other hand, livestock production should significantly surpass 1978 because of record numbers of livestock and poultry at the beginning of 1979 and because of good feed supplies from 1978 crops. These livestock developments, and the likelihood that the 1979 Soviet grain harvest will fall short of the 1978 record, point to a moderate increase in Soviet grain imports during 1979/80, as well as some drawdown in their carryover stocks.

European Community (EC): Grain production totaled a record production of 115 million tons in 1978/79. Net EC exports of wheat are now estimated at 4.4 million tons, compared with net imports of 3 million tons in 1977/78 (July-June). Net coarse grain imports are expected to be down slightly from the 9.8 million tons in 1977/78. U.S. wheat and coarse grain exports to the EC are expected to decline in 1978/79, because EC policies favor use of domestic feeds, but shipments to the rest of Western Europe are expected to increase.

Exports of Soybeans and Meal

Mil. metric tons*



*Soybean meal equivalent.



Policy

In late March, USDA announced several farm program decisions affecting wheat, feed grains, and credit which, according to Agriculture Secretary Bergland, are "the only major changes that will be accepted for the 1979 program."

Specific decisions include:

Wheat: Farmers with early maturity dates on 1978-crop wheat loans may extend those loans for 6 months, so they can take part in the food aid reserve. Hopefully, this will ease the downward pressure on wheat prices as well as relieve storage and transportation problems. However, the farmer-owned reserve will not be open to 1978-crop wheat.

Farmers will also be permitted to graze cattle on their wheat acreage, which will help reduce wheat production and strengthen prices, and may encourage slightly more beef production.

Corn: Additional 1978-crop corn will not be permitted into the reserve since the only remaining excess supplies are due to lower-than-expected participation by farmers in the set-aside program. A decision to extend loans may be made later if storage and transportation problems develop.

Barley: Producer loans may be extended if transporting large supplies to market becomes a problem.

Oats: 1978-crop loans will not be extended since the trigger level has been reached for the farmer-owned reserve.

Soybeans: Soybeans will not be permitted to be grown on set-aside or diverted acres.

Dairy supports: The manufacturing margin allowance for milk will not be increased for another 6 months. Government stocks of dairy products will be offered for sale at 105 percent of the support price, instead of 110 percent formerly, to facilitate resale of stocks when prices increase in the fall because of smaller production.

Interest rates: Interest rates were raised on farm storage facility loans to 10.5 percent, on farm real estate loans through the Farmers Home Administration (FmHA) to 9 percent, and on farm operating loans by FmHA to 9.5 percent. Interest rates on 1979-crop commodity loans will be announced later.

USDA Raises Rates For Farm Loans

Interest rates of 9 and 9½ percent went into effect for most Farmers Home Administration (FmHA) loan programs March 28. Formerly the interest rate for most loans had been 8½ percent.

However, the cost to the government for money has increased substantially in the past year. Continuing the old rates would have resulted in major losses to the government.

Insured real estate loans will be made at 9 percent. These loans include farm ownership, emergency and economic emergency real estate loans, individual soil and water, individual recreation, grazing association, irrigation and drainage and Indian land acquisition loans.

Interest on regular insured operating loans will be 9½ percent. The new interest rate will apply also to natural disaster emergency and economic emergency operating loans used to pay for livestock, equipment, feed, seed, fertilizer and to make minor improvements to buildings and real estate.

Interest on loans to "limited-resource" farmers will remain at 3 percent for initial farm ownership loans and at 5 percent for operating loans.

FmHA's natural disaster emergency loans for production losses will continue to be made at the 5 percent rate. Home mortgage interest rates, set at 9 percent in early February, will remain the same.

New Loan-Guarantee Terms For USDA's Farm Loan Programs

Liberalized terms for farm loans guaranteed by USDA were put into effect in mid-March with the aim of encouraging more private-lender activity.

The changes include:

—New limits of \$300,000 for farm ownership and other farm real estate loans, and \$200,000 for farm production loans made by commercial lenders and guaranteed by USDA's Farmers Home Administration (FmHA). Previous limits were \$100,000 for real estate loans and \$50,000 for production loans.

—Interest rates on guaranteed loans to be negotiated between borrowers and lenders. This removes arbitrary interest ceiling and lets lenders charge rates within the range of reasonable commercial rates.

—Loan eligibility for family-size farmers doing business as partnerships, corporations or cooperatives. In nearly all FmHA non-emergency farm loan programs, eligibility was previously restricted to farmers doing business as individuals.

—Exemption of guaranteed loans from the traditional requirement that borrowers "graduate" as soon as possible from credit associated with FmHA. The prospect that graduation would terminate a loan prematurely has discouraged banks and other commercial lenders from serving farmers under FmHA guarantee.

Crop Insurance Proposed

With USDA's Disaster Payments Program set to expire with the 1979 crop year, crop insurance has become a key item on Congress' policy agenda. Public hearings on the subject were held in late February and early March by the Conservation and Credit Subcommittee of the House Agriculture Committee. On March 20, The Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Senate Committee on Agriculture, Nutrition, and Forestry initiated hearings on legislation designed to revise the Federal Crop Insurance Program.

The public debate on crop insurance largely focuses on the role of the Federal Government in providing disaster insurance to farmers. Among the key questions to be resolved are:

—What level of disaster assistance should be provided by society given the inherent uncertainties in the production of food and fiber?

Disaster Payments by Commodity Program

Commodity program	1974	1975	1976	1977
Million dollars				
Wheat	99	51	142	158
Feed grains	315	113	222	339
Cotton	108	98	93	68
Rice	—	—	(1)	1.0
Total	522	262	457	566

¹ Less than 0.5 million.

—Should Federal coverage include protection against hazards insured by private industry—notably fire and hail?

—Will producers participate in the program and pay the necessary premiums to acquire insurance?

—Will the government be able to resist providing piecemeal or infrequent protection if disasters occur and producers have not taken advantage of available insurance?

—Should disaster or emergency benefits of other programs be terminated or restricted?

—What is the role of the private insurance industry?

The disaster payments program provides direct payments to participants in the wheat, feed grain, cotton, and rice programs who experience low yields or are prevented from planting their crops as a result of some natural disaster. This program has provided, without direct cost to producers, \$283 to \$575 million annually since it was initiated in 1974.

The Food and Agriculture Act of 1977 extended the disaster program for 2 years. Comprehensive reform, though needed, was not considered due to time constraints. The plan was to work toward comprehensive crop insurance in 1978. Legislation was prepared in the last session of the 95th Congress but neither the House nor the Senate acted upon a bill.

Currently, some form of disaster insurance, protection, or assistance is available through USDA's Agricultural Stabilization and Conservation Service (ASCS), the Federal Crop Insurance Corporation (FCIC) and the Farmers Home Administration (FmHA), as well as the Small Business Administration (SBA). Critics have argued that these programs not only overlap, but are inequitable. Some producers are eligible for assistance under most of the programs. Others, also in need of assistance, are not eligible under any.

USDA recently recommended revising the program to provide for disaster insurance protection for all farmers, and ultimately for all commodities. This proposal, if enacted, would combine the insurance programs of FCIC, the disaster indemnity programs of ASCS, and the subsidized interest portion of emergency loans by FmHA and the SBA.

Under the USDA plan, a farmer could purchase varying levels of protection (based on specified percentages of production costs) and thus reduce the level of financial uncertainty due to natural disasters to a manageable level for the individual. Premiums would be based on the level of protection selected, the reimbursement rate per bushel, and the risk involved in the farm operation. Under this proposal, the minimum level of protection would be approximately equal to the producer's out-of-pocket costs and the Government would pay about one-half of the minimum premium.

In 1981, the first year of this proposed program, coverage would be offered on 18 crops accounting for 89 percent of U.S. crop acreage. Both private insurance agents and local offices of USDA would be able to sell the insurance.

USDA will ask for a 1-year extension of current disaster programs, to cover the gap between the expiration of current disaster indemnity programs in 1979, and the introduction of the new insurance program.

Currently, four bills addressing the issue of disaster assistance have been introduced in the Senate, including three bills which would amend the Federal Crop Insurance Act. Senator Walter Huddleston, Chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, introduced three of the bills with the fourth being introduced by Senator Robert Dole. Even though the House has held hearings on crop insurance, no bills have been introduced at this time.

Deficiency Payments Determined For Program Participants

Corn and sorghum producers who participated in the 1978 feed grain program will likely receive deficiency payments totaling \$285 to \$350 million with the actual amount of payment to be determined in April. USDA has announced that eligible rice producers will receive an estimated \$62 million in deficiency payments for their

1978 crop. Producers of wheat and barley earlier received deficiency payments amounting to more than \$600 million. Producers of wheat, sorghum, and barley received more than \$1.2 billion in deficiency payments on their 1977 crop.

Since the national weighted average price received by farmers for upland cotton during the 1978 calendar year exceeded the 52-cent target price, deficiency payments will not be made for cotton.

Deficiency payments are made to farmers who participate in the commodity programs for wheat, feed grains, and rice when the national average market price for the first 5 months of the marketing year falls below the target price for the commodity. For upland cotton, deficiency payments are made when the average market price received by farmers during the calendar year is less than the target price. The payment rate is the smaller of the differences between the target price and the market price, or the national average loan rate.

U.S. Lowers Sugar Import Fees

USDA reduced import fees for sugar by 0.59 cents per pound, effective April 1. The new fees will be 2.76 cents per pound for raw sugar and 3.28 cents for refined sugar. Previously, the fees were 3.35 cents and 3.87 cents, respectively.

The action was taken under the flexible import fee system established by the President in late December. The system provides for automatic, mandatory adjustments of the fees in response to changes in world sugar prices.

Under the system, the import fee for raw sugar must be computed on the basis of average world prices during a 20-day base period in each calendar quarter, plus customs duties and a fixed factor covering charges such as freight and insurance. The fee is the difference between the sum of those factors and the target price of 15 cents per pound. The fee for refined sugar is fixed at 0.52 cents more than for raw sugar.

World sugar prices are currently well below the minimum level specified in the International Sugar Agreement. The agreement, negotiated in late 1977, seeks a minimum sugar price of 11 cents, raw value. The United States has not ratified the agreement. Ratification legislation is still before the Congress.



Transportation

Rail rates for farm and food products in 1979 seem likely to average at least 8 percent above 1978. Rates for most farm and food products increased 5.3 percent in December 1978 and another 1 percent in late February. Another round of increases is expected this fall.

Rail rates for farm products have been increasing about 6 percent a year for the past 2 years. Even so, this rate of increase has been slower than during 1974-76 when annual increases averaged 13 percent.

Railcar Shortages Still Likely

Despite an increase of 13,000 cars in the Nation's railcar fleet last year, spot shortages are still likely to hamper shipments of several commodities in 1979, especially during harvest. The shortage of 100-ton (jumbo) covered hopper cars was particularly acute at the end of January when there was an average daily shortage of more than 16,000 jumbo hopper cars in contrast to 11,000 a year earlier. Data of this type are not available for later periods.

Agricultural Transport Activity To Increase

Rail carloadings of grain in recent weeks have been below those of a year ago. In mid-March they averaged 22,100 per week, down around 6 percent from 1978.

Harsh winter weather and the continuing rail car shortages were the primary reasons for the reduced carloadings. Carloadings are expected to increase throughout the Spring.

Barge shipments of grain in January were down slightly from 1978. However, during February and through mid-March, shipments have matched the previous year. Weekly barge shipments averaged 19.4 million bushels in February and rose to 24.2 million bushels through mid-March.

As weather improves, barge shipments should also increase, although high-water levels have been a problem on the Illinois River and the Columbia River was closed the last 2 weeks in March to permit examination of a crack in the structure of the John Day dam.

Transport Deregulation Proposed

The Department of Transportation recently proposed ending economic regulation of railroads following a 5-year transition period. Three aspects of the proposal are of particular relevance to agriculture. The first would permit railroads to abandon any track segment after 240 days' public notice. This may result in increased shipping costs from some points on abandoned lines, although shippers elsewhere might receive better and more frequent service.

A second aspect calls for the Interstate Commerce Commission (ICC) to relinquish its jurisdiction over discriminatory rates. This may mean greater cost for individual shippers who would then be required to file formal discriminatory rate complaints in court after suffering damages instead of with the ICC prior to the rates going into effect.

A third aspect would remove freight car allocation from the jurisdiction of the ICC. Grain, lumber, coal, cotton, and fresh fruit and vegetable shippers have petitioned the Commission for relief of car shortages on many occasions in the past.

There are also proposals to deregulate the interstate trucking of manufactured products. Deregulation would enable unregulated truckers hauling most of the unmanufactured commodities to compete directly for return-trip loads of manufactured goods. Some truckers might then become more efficient. However, deregulation likely would not greatly affect the rates or service for unmanufactured agricultural products, since all types of truckers are now permitted to compete for this traffic. Some food

manufacturers might find greater competition for the shipment of red meats, flour and cereal products, and other processed foods.

Spending on Rural Roads Continues To Decline

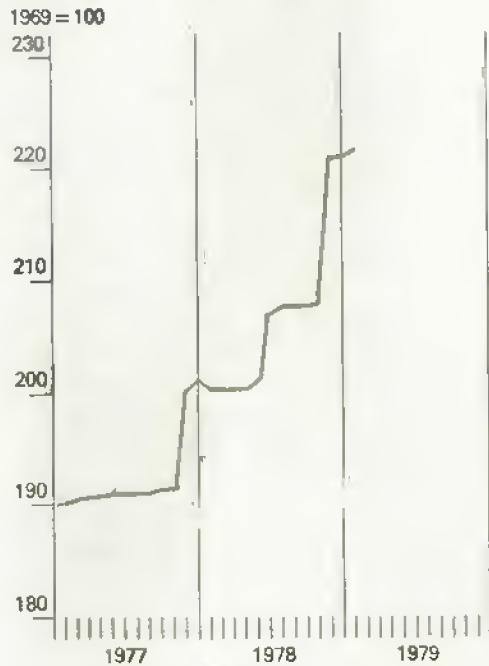
Expenditures in real terms for rural roads have declined since 1970, according to the latest comprehensive data for 1977.

More than 80 percent of the miles of highways in the United States are located in rural areas, nearly 3.2 million miles. These roads, many of which are local, carry nearly 45 percent of the 1.5 trillion miles of vehicle travel.

Spending by all levels of government for all roads and streets increased from \$22.5 billion in current dollars in 1971 to \$33.7 billion in 1979. As a proportion of total spending, construction spending declined from 55 percent in 1971 to 44 percent, reflecting in part completion of major segments of the interstate highway system; and spending on maintenance and operations increased from 23 to 28 percent.

Spending on rural roads increased from \$7.4 billion in current dollars to \$9.1 billion for construction and from \$3.3 billion to \$6.2 billion for maintenance and operation. However, in 1967 dollars, construction expenditures declined from \$6.0 billion in 1971 to \$3.9 billion in 1977. Real expenditures for maintenance and operation were nearly stable during the period.

Rail Freight Rate Index for Farm Products Up Sharply



Bureau of Labor Statistics, U.S. Department of Labor.



Recent Publications

Below is a list of selected USDA publications, arranged by subject area, which may be of interest to you. To order reports, write directly to the issuing agency (indicated in parentheses after each report citation) at the address listed below. When ordering be sure to list the publication number and provide your zipcode.

ESCS Reports

The publication order form provided on the inside back cover shows the publication numbers for ESCS reports listed below. Simply circle those you would like to receive and mail to ESCS Publications, Room 0054 South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

FAS Reports

FAS Information, Room 5918 South, U.S. Department of Agriculture, Washington, D.C. 20250

State Reports

Publications issued by a State may be obtained by writing the address shown in parentheses. No copies are available from the U.S. Department of Agriculture.

New report listings, by subject matter:

Agricultural History

Agricultural Cooperatives: Pioneer to Modern. CIR 1, Section 2 (ESCS). Price-Support and Adjustment Programs From 1933 Through 1978: A Short History. AIB 424 (ESCS).

Cooperatives

Cooperative Development in Rural Areas. CIR 1, Section 4 (ESCS). Organizations Serving Cooperatives. CIR 1, Section 5 (ESCS). Cooperative Transportation and Distribution. CIR 1, Section 12 (ESCS). Cooperative Facts. CIR 2 (ESCS). Cooperatives in Agribusiness. CIR 5 (ESCS). Growth of Cooperatives in Seven Industries. CRR 1 (ESCS). Subsidiaries of Agricultural Cooperatives. CRR 4 (ESCS).

Cotton

World Cotton Area To Expand in 1979/80. FC 3-79 (FAS). U.S. Cotton Exports Strong in December. FC 4-79 (FAS). Statistics on Cotton and Related Data 1960-78. SB 617 (ESCS).

Farm Management

U.S. Cropland Rental Practices. ESCS 46 (ESCS).

Food

Developments in Marketing Spreads for Food Products in 1978. AER 420 (ESCS).

Fruits

Fruit, Vegetable and Nut Cooperatives. CIR 1, Section 13 (ESCS). Northern Hemisphere Citrus Production Down in 1978/79. FCF 1-79 (FAS).

Grains

U.S. Exports of Prepared Feeds, Grain By-products, and Alfalfa Decline in 1977/78. FG 4-79 (FAS).

Factors Affecting Supply, Demand, and Prices of U.S. Rice. ESCS 47 (ESCS).

Law

Cooperative Principles and Legal Foundations. CIR 1, Section 1 (ESCS). Voting Systems in Agricultural Cooperatives. CRR 2 (ESCS).

Livestock and Meat

An Analysis of a Ban on Nitrite Use in Curing Bacon. ESCS 48 (ESCS). U.S. Exports and Imports of Livestock and Products Gain Again in December 1978. FLM MT 3-79 (FAS).

Miscellaneous

U.S. Ginseng Shipments up in 1978; Imports at \$6 Million. FTEA 1-79 (FAS). Conversion Factors and Weights and Measures for Agricultural Commodities and Their Products. SB 616 (ESCS).

Oilseeds and Products

U.S. Oilseed Exports and Imports Drop in December. FOP 4-79 (FAS).

State Reports

Iowa Annual Crop Weather Summary. Iowa Crop and Livestock Reporting Service, Federal Bldg., Rm. 855, 210 Walnut St., Des Moines, Iowa 50309

Kansas Custom Rates 1978. Kansas Crop and Livestock Reporting Service, 444 S.E. Quincy, Rm. 290, Topeka, Kansas 66683

Montana Agricultural Statistics. Montana Crop and Livestock Reporting Service, P.O. Box 4369, Helena, Montana 59601.

Farm Population Increases On Large Farms

While the total farm population is declining, more people are living on the larger farms which produce the bulk of the nation's food and fiber, according to a study released recently by USDA.

The number of people living on farms with annual sales greater than \$40,000 increased by 76 percent during 1970-75, according to the report, although the total farm population declined during that period.

A substantial but undetermined part of this increase was associated with inflation of farm product prices during the period. The farms with over \$40,000 in sales account for about 80 percent of total U.S. farm receipts but only 24 percent of the U.S. farm population.

In 1975 farms with under \$2,500 in annual sales contained a third of the U.S. farm population, or about 2.8 million. This compares with 3.6 million in 1970. Operators of these farms usually earn most of their money income from off-farm sources.

Single free copies of the report, "Farm Population Trends and Farm Characteristics (RDRR-3), are available from ESCS Publications, Room 0054-S, USDA, Washington, D.C., 20250.

Statistical Indicators

Farm Income

Gross and net farm income¹

	Annual			1976		1977				1978			1979	
	1976	1977	1978p	III	IV	I	II	III	IV	I	II	III	IV	Ip
	\$ Bill.													
Cash receipts from farm marketings .	94.5	96.1	110.2	93.2	92.6	97.6	95.7	91.3	99.6	104.6	109.3	109.0	117.7	125.3
Livestock and products	46.2	47.6	58.0	45.2	45.1	46.3	46.6	47.8	49.5	52.7	57.4	57.7	64.0	68.5
Crops	48.3	48.5	52.0	48.0	47.5	51.3	49.1	43.5	50.1	51.9	51.9	51.3	53.7	56.8
Nonmoney and other farm income ² .	9.6	12.0	14.1	9.6	10.0	10.5	11.1	11.4	15.2	13.7	13.7	13.6	15.5	13.6
Gross farm income	104.1	108.1	124.3	102.8	102.6	108.1	106.7	102.7	114.8	118.3	123.0	122.6	133.2	138.9
Farm production expenses	83.0	88.0	96.1	84.5	82.9	87.5	87.0	86.0	91.4	92.5	95.0	95.5	101.5	105.5
Net income before inventory adj. . .	21.1	20.1	28.2	18.3	19.7	20.6	19.7	16.7	23.4	25.8	28.0	27.1	31.7	33.4
Net change in farm inventories . . .	-2.4	.4	.6	-1.2	-3.2	-1.0	5	0	2.1	.5	0	.5	1.5	0
Net income after inventory adj. . .														
Current prices	18.8	20.6	28.8	17.1	16.5	19.6	20.2	16.8	25.5	26.3	28.0	27.6	33.2	33.4
1967 prices ³	11.0	11.3	14.7	9.9	9.5	11.1	11.2	9.4	13.5	14.0	14.5	13.9	16.4	16.3

¹ Quarterly data are seasonally adjusted at annual rates. ² Includes government payments to farmers, value of farm products consumed in farm households, rental value of farm dwellings, and income from recreation, machine hire, and custom work. ³ Deflated by the consumer price index for all items, 1967=100. p. preliminary.

Cash receipts from farming

	Annual			1978						1979		
	1976	1977	1978	Jan	Aug	Sept	Oct	Nov	Dec	Jan		
	\$ Mil.											
Farm marketings and CCC loans ¹	94,501	96,084	110,221	8,475	9,040	9,342	12,846	12,326	10,408	10,607		
Livestock and products	46,152	47,565	58,041	4,008	4,741	4,839	5,650	5,334	5,223	5,493		
Meat animals	26,954	27,946	36,695	2,405	2,917	3,101	3,925	3,528	3,311	3,553		
Dairy products	11,428	11,776	12,701	1,023	1,050	1,017	1,016	1,044	1,117	1,190		
Poultry and eggs	7,167	7,219	8,008	543	728	677	665	709	733	713		
Other	603	624	637	37	46	44	44	53	62	37		
Crops	48,349	48,519	52,180	4,467	4,299	4,503	7,196	6,992	5,185	5,114		
Food grains	6,898	6,140	5,833	264	1,142	808	731	547	440	432		
Feed crops	13,079	12,017	11,386	1,366	836	804	1,333	1,778	1,208	1,301		
Cotton (lint and seed)	3,477	3,939	3,706	649	119	164	528	686	747	830		
Tobacco	2,310	2,330	2,549	228	516	398	425	439	261	265		
Oil-bearing crops	9,252	9,393	11,843	959	536	648	2,414	1,714	1,039	1,175		
Vegetables and melons	5,245	5,661	6,154	350	533	803	745	377	320	408		
Fruits and tree nuts	3,617	4,262	5,406	312	332	452	505	629	560	363		
Other	4,471	4,777	5,303	339	285	426	515	822	610	340		
Government payments	734	1,819	3,000	308	57	162	275	171	888	125		
Total cash receipts ²	95,235	97,903	113,221	8,783	9,097	9,504	13,121	12,497	11,296	10,732		

¹ Receipts from loans represent value of loans minus value of redemptions during the month. ² Details may not add because of rounding.

Farm marketing indexes (physical volume)

	Annual			1978						1979	
	1976	1977	1978	Jan	Aug	Sept	Oct	Nov	Dec	Jan	
	1967=100										
All commodities	121	125	122	130	120	126	172	165	134	130	
Livestock and Products	111	114	111	109	110	107	124	117	110	108	
Crops	135	140	137	161	134	151	239	232	167	161	

Cash receipts¹ from farm marketings, by States, January-December

State	Livestock and Products		Crops ²		Total ²	
	1977	1978	1977	1978	1977	1978
	\$ Mil.					
NORTH ATLANTIC						
Maine	263.1	271.4	154.8	123.4	417.8	394.8
New Hampshire	55.1	54.4	23.4	23.0	78.5	77.4
Vermont	245.2	269.2	21.6	21.2	266.7	290.4
Massachusetts	105.2	105.0	108.8	121.2	213.9	226.2
Rhode Island	11.2	11.1	15.1	15.8	26.3	26.9
Connecticut	129.6	134.9	104.1	98.3	233.7	233.1
New York	1,200.3	1,326.7	524.8	581.2	1,725.1	1,907.8
New Jersey	99.0	100.3	252.1	265.5	351.1	365.8
Pennsylvania	1,303.0	1,472.0	600.3	684.6	1,903.2	2,156.6
NORTH CENTRAL						
Ohio	1,156.7	1,348.5	1,636.9	1,719.5	2,793.6	3,068.1
Indiana	1,265.9	1,459.8	1,973.6	1,987.2	3,239.5	3,447.1
Illinois	1,872.6	2,276.6	3,919.8	4,026.8	5,792.4	6,303.4
Michigan	840.6	960.8	983.0	1,072.2	1,823.7	2,033.0
Wisconsin	2,555.9	3,027.2	595.9	690.0	3,151.8	3,717.2
Minnesota	2,238.8	2,674.2	2,083.7	2,220.1	4,322.5	4,894.3
Iowa	4,300.0	5,284.0	2,764.9	2,924.8	7,064.9	8,208.7
Missouri	1,677.1	2,136.4	1,193.2	1,460.3	2,870.2	3,596.7
North Dakota	483.3	639.8	1,056.0	1,205.7	1,539.3	1,845.5
South Dakota	1,117.1	1,397.5	493.1	576.1	1,610.2	1,973.6
Nebraska	2,256.3	2,856.1	1,723.4	1,751.9	3,979.7	4,608.0
Kansas	2,224.0	2,761.6	1,624.8	1,487.8	3,848.9	4,249.4
SOUTHERN						
Delaware	179.9	216.7	80.7	101.4	260.7	318.1
Maryland	428.3	499.9	229.2	256.9	657.5	756.8
Virginia	559.8	649.1	444.5	529.9	1,004.4	1,179.0
West Virginia	105.5	104.7	42.4	53.1	147.9	157.8
North Carolina	1,067.8	1,210.9	1,554.4	1,864.6	2,622.2	3,075.4
South Carolina	277.2	336.7	506.6	593.3	783.9	930.0
Georgia	1,233.8	1,505.3	960.3	1,063.3	2,194.1	2,568.6
Florida	745.7	923.9	1,880.0	2,406.5	2,625.7	3,330.4
Kentucky	741.2	937.2	1,064.6	1,033.3	1,805.8	1,970.6
Tennessee	676.0	892.2	694.3	738.2	1,370.4	1,630.4
Alabama	927.4	1,168.9	569.0	666.8	1,496.4	1,835.8
Mississippi	795.4	998.6	918.3	1,042.1	1,713.7	2,040.7
Arkansas	1,174.5	1,468.4	1,294.4	1,336.8	2,468.8	2,805.2
Louisiana	406.0	517.6	851.0	975.2	1,257.0	1,492.8
Oklahoma	1,159.7	1,634.2	766.1	778.6	1,925.8	2,412.8
Texas	3,524.7	4,383.2	3,385.0	2,924.1	6,909.7	7,307.3
WESTERN						
Montana	513.8	774.6	443.4	503.5	957.2	1,278.1
Idaho	475.8	598.2	694.0	778.0	1,169.8	1,376.2
Wyoming	379.8	537.8	72.4	83.3	452.2	621.1
Colorado	1,498.7	1,884.7	561.2	550.6	2,059.9	2,435.3
New Mexico	569.3	740.5	221.5	193.3	790.8	933.8
Arizona	508.7	644.2	689.7	856.9	1,198.4	1,511.2
Utah	267.2	328.7	96.2	106.4	363.5	435.1
Nevada	101.4	129.6	45.8	40.4	147.1	170.0
Washington	507.7	585.2	1,200.0	1,500.1	1,707.7	2,085.3
Oregon	356.3	433.7	677.9	775.7	1,034.2	1,209.4
California	2,914.0	3,299.6	6,455.9	7,093.1	9,369.9	10,392.7
Alaska	4.4	4.3	7.1	7.8	11.5	12.1
Hawaii	64.9	64.4	259.7	260.3	324.7	324.7
UNITED STATES	47,565.1	58,040.6	48,518.9	52,180.1	96,084.0	110,220.7

¹ Estimates as of the first of current month. ² Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

Cash receipts¹ from farm marketings, by States, January

State	Livestock and Products		Crops ²		Total ³	
	1978	1979	1978	1979	1978	1979
\$ Mil ⁴						
NORTH ATLANTIC						
Maine	21.2	28.6	12.8	15.8	34.0	44.4
New Hampshire	4.5	5.2	2.0	2.0	6.5	7.2
Vermont	21.2	28.1	1.1	1.2	22.3	29.3
Massachusetts	9.3	11.2	14.2	14.0	23.5	25.2
Rhode Island	1.0	1.1	1.1	1.1	2.1	2.2
Connecticut	11.7	15.2	26.9	30.1	38.6	45.3
New York	99.5	128.5	37.1	38.6	136.6	167.1
New Jersey	8.2	9.5	12.1	14.2	20.3	23.7
Pennsylvania	108.5	140.8	55.8	64.6	164.3	205.4
NORTH CENTRAL						
Ohio	96.4	122.0	99.8	107.6	196.2	229.6
Indiana	104.9	139.3	209.1	214.2	314.0	353.5
Illinois	155.4	201.1	489.1	481.2	644.5	682.3
Michigan	73.2	92.7	79.1	75.1	152.3	167.8
Wisconsin	231.5	287.8	74.5	56.0	306.0	347.8
Minnesota	194.2	256.2	158.7	158.7	352.9	414.9
Iowa	398.6	535.4	380.9	485.0	779.5	1,020.4
Missouri	105.4	143.7	107.2	119.8	212.6	263.5
North Dakota	55.5	84.6	38.9	80.0	94.4	164.6
South Dakota	110.2	167.3	43.3	47.0	153.5	204.3
Nebraska	218.6	305.3	206.7	132.5	425.3	437.8
Kansas	196.7	322.9	97.3	102.7	294.0	425.6
SOUTHERN						
Delaware	15.2	18.6	5.3	7.5	20.5	26.1
Maryland	37.4	48.0	10.0	13.3	47.4	61.3
Virginia	45.1	57.9	25.8	30.9	70.9	88.8
West Virginia	7.3	10.3	4.1	6.0	11.4	16.2
North Carolina	87.6	111.2	43.9	57.4	131.5	168.6
South Carolina	24.8	34.1	19.0	27.7	43.8	61.8
Georgia	110.1	152.3	26.2	32.8	136.3	185.1
Florida	61.9	81.4	334.0	382.6	395.9	464.0
Kentucky	46.3	59.8	171.6	214.1	217.9	273.9
Tennessee	65.1	95.3	43.8	44.4	108.9	139.7
Alabama	75.6	103.6	30.7	42.7	106.2	146.3
Mississippi	63.2	86.0	101.7	125.6	164.9	211.6
Arkansas	96.3	143.4	139.7	189.2	236.0	332.6
Louisiana	37.2	54.0	85.7	89.1	122.9	143.1
Oklahoma	106.9	166.4	58.3	68.5	165.2	234.9
Texas	269.5	417.2	405.2	490.4	674.7	907.6
WESTERN						
Montana	24.3	35.1	28.9	53.2	53.2	88.3
Idaho	42.1	57.5	49.7	66.6	91.8	124.1
Wyoming	19.2	31.8	4.2	7.6	23.4	39.4
Colorado	101.2	138.0	40.1	41.0	141.3	179.0
New Mexico	28.9	40.0	10.6	21.6	39.5	61.6
Arizona	44.8	60.6	121.1	180.4	165.9	241.0
Utah	22.0	28.4	6.6	9.2	28.6	37.6
Nevada	10.3	13.7	4.8	5.3	15.1	19.0
Washington	42.9	59.7	87.8	130.7	130.7	190.4
Oregon	31.8	44.0	44.0	61.2	75.8	105.2
California	258.9	320.9	395.6	449.4	654.5	770.3
Alaska3	.2	.4	.4	.7	.6
Hawaii	6.5	6.2	20.0	20.1	25.5	26.3
UNITED STATES	4,007.8	5,492.6	4,466.9	5,114.1	8,474.4	10,506.7

¹ Estimates as of the first of current month. ² Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

Farm Production¹

Items	1971	1972	1973	1974	1975	1976	1977	1978 ²
1967=100								
Farm output	110	110	112	106	114	117	121	122 ³
All livestock products ³	106	107	105	106	101	105	106	108
Meat animals	109	109	108	110	102	105	106	107
Dairy products	101	102	98	98	98	103	105	105
Poultry and eggs	106	109	106	106	103	110	112	117
All crops ⁴	112	113	119	110	121	121	130	131
Feed grains	116	112	115	93	114	120	126	135
Hay and forage	105	104	109	104	108	102	109	115
Food grains	107	102	114	120	142	141	131	124
Sugar crops	116	127	112	104	130	128	116	118
Cotton	145	187	175	158	112	142	193	146
Tobacco	86	88	88	101	110	108	97	102
Oil crops	121	131	155	127	153	132	175	180
Cropland used for crops	100	98	103	106	108	109	111	108
Crop production per acre	112	115	116	104	112	111	117	121

¹ For historical data and explanation of indexes, see *Changes in Farm Production and Efficiency*, Statistical Bulletin 612. ² Preliminary indexes for 1978 based on January 16, 1979 *Crop Production* 1978 annual summary and other releases of the Crop Reporting Board, ESCS. ³ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. ⁴ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

Farm Prices: Received and Paid

Indexes of prices received and paid by farmers, U.S. average

	Annual			1978					1979	
	1976	1977	1978 p	Feb	Sept	Oct	Nov	Dec	Jan	Feb p
	1967=100									
Prices Received										
All farm products	186	183	210	193	216	217	216	222	232	241
All crops	197	192	203	190	204	200	202	205	209	216
Food grains	202	156	191	182	191	195	198	197	197	196
Feed grains and hay	218	181	184	180	174	174	178	183	185	190
Feed grains	214	174	180	175	170	171	175	181	183	187
Cotton	265	270	245	228	250	265	272	258	249	241
Tobacco	163	175	191	184	206	199	201	205	204	203
Oil-bearing crops	205	243	226	201	225	229	234	237	239	252
Fruit	129	163	227	195	279	247	213	207	212	229
Fresh market ¹	126	159	236	202	299	259	217	212	217	236
Commercial vegetables	161	175	186	181	164	159	163	173	225	247
Fresh market	173	195	209	201	202	191	169	215	265	299
Potatoes ²	201	194	206	187	179	158	166	169	169	159
Livestock and products	177	175	216	196	226	232	228	237	252	264
Meat animals	170	168	225	197	238	248	236	247	270	288
Dairy products	192	193	210	203	217	224	230	234	236	236
Poultry and eggs	178	174	185	179	189	182	189	198	202	205
Prices paid										
Commodities and services										
Interest, taxes, and wage rates	191	202	219	211	223	224	225	226	234	238
Production items	193	200	216	206	220	222	222	225	230	235
Feed	191	186	183	178	178	179	184	187	189	193
Feeder livestock	154	158	221	185	239	247	241	250	265	287
Interest payable per acre on farm real estate debt	287	331	396	396	396	396	396	487	487	487
Taxes on farm real estate	178	195	207	207	207	207	207	207	221	221
Wage rates (seasonally adjusted)	210	226	242	244	243	237	237	237	257	257
Production items, interest, taxes, and wage rates	198	208	226	218	229	231	231	233	244	248
Prices received (1910-14=100)	464	457	524	482	539	545	539	555	579	602
Prices paid, etc. (Parity index) (1910-14=100)	650	687	744	717	757	761	764	770	796	808
Parity ratio ³	71	66	70	69	71	72	71	72	73	75

¹ Fresh market for noncitrus and fresh market and processing for citrus. ² Includes sweetpotatoes and dry edible beans. ³ Ratio of Index of prices received to index of prices paid, taxes, and wage rates. p preliminary.

	Annual *			1978					1979	
	1976	1977	1978 p	Feb	Sept	Oct	Nov	Dec	Jan	Feb p
Crops										
All wheat (\$/bu.)	3.15	2.29	2.82	2.59	2.92	2.99	3.04	3.01	2.99	2.99
Rice, rough (\$/cwt.)	6.90	7.94	9.28	10.70	7.56	7.62	7.76	7.98	8.07	7.87
Corn (\$/bu.)	2.49	2.03	2.10	2.03	1.98	1.97	2.02	2.09	2.11	2.18
Sorghum (\$/cwt.)	4.00	3.11	3.45	3.20	3.23	3.36	3.44	3.63	3.54	3.55
All hay, baled (\$/ton)	58.00	57.10	49.90	51.80	47.80	47.10	46.40	47.30	48.90	50.70
Soybeans (\$/bu.)	5.58	6.82	6.28	5.53	6.19	6.26	6.39	6.49	6.58	6.99
Cotton, Upland (cts./lb.)	59.7	60.9	55.0	51.4	56.2	59.6	61.1	58.1	56.0	54.2
Potatoes (\$/cwt.)	4.14	3.90	3.99	3.20	3.61	3.03	3.15	3.12	3.13	2.78
Dry edible beans (\$/cwt.)	16.40	17.50	18.60	22.70	14.60	16.20	16.60	16.90	16.50	18.10
Apples for fresh use (cts./lb.)	10.1	12.3	16.4	13.2	15.8	13.6	13.9	13.7	13.6	14.0
Pears for fresh use (\$/ton)	178	145	130	144	305	274	284	281	244	243
Oranges, all uses (\$/box) ²	1.64	2.94	4.72	4.20	6.20	5.25	4.79	4.64	4.51	5.05
Grapefruit, all uses (\$/box) ²	1.45	1.67	2.39	1.34	6.42	4.32	1.78	1.64	1.72	1.82
Livestock										
Beef cattle (\$/cwt.)	33.90	34.50	48.20	39.90	51.60	53.20	51.50	54.10	59.80	64.10
Calves (\$/cwt.)	34.50	36.80	58.10	44.50	65.40	66.60	66.50	71.90	78.10	85.50
Hogs (\$/cwt.)	43.00	40.00	47.10	47.90	47.60	51.10	46.70	48.00	50.60	52.80
Lambs (\$/cwt.)	47.80	51.40	63.10	62.60	64.50	62.80	61.90	65.10	73.10	71.80
All milk, sold to plants (\$/cwt.)	9.66	9.71	10.60	10.20	10.90	11.30	11.60	11.80	11.90	11.90
Milk, manuf. grade (\$/cwt.)	8.57	8.71	9.67	9.18	9.92	10.50	10.70	10.90	10.90	10.80
Broilers (cts./lb.)	23.1	23.5	26.5	24.3	26.7	24.8	24.7	24.9	27.0	28.9
Eggs (cts./doz.) ³	58.8	54.2	52.5	55.1	53.7	52.3	56.8	61.6	60.3	60.1
Turkeys (cts./lb.)	31.8	34.8	41.7	37.1	43.5	45.1	46.6	49.6	47.2	45.1
Wool (cts./lb.) ⁴	65.1	71.4	76.3	72.7	77.8	78.6	79.7	76.8	77.7	77.0

¹ Ten month average. ² Equivalent on-tree returns. ³ Average of all eggs sold by farmers, including hatching eggs and eggs sold at retail. ⁴ Average local market price, excluding incentive payments. *Calendar year averages. p Preliminary.

Producer and Retail Prices

Producer Price Indexes, U.S. average (not seasonally adjusted)

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
1967=100										
Finished goods ¹	170.3	180.6	184.6	188.5	196.9	199.6	200.6	202.3	205.3	207.4
Consumer foods	180.2	189.1	206.8	195.0	209.4	212.6	212.0	215.5	220.1	224.6
Fruit and vegetables ²	178.4	192.2	218.2	204.2	209.8	225.9	217.4	218.3	230.7	259.5
Eggs	179.1	182.0	158.6	170.3	167.8	156.3	177.9	189.0	178.5	176.7
Bakery products	180.0	186.5	201.2	193.6	204.9	207.8	210.2	210.4	212.2	214.3
Meats	173.6	170.7	209.5	198.2	215.5	222.1	211.7	220.3	234.1	240.8
Beef and veal	156.0	157.5	202.2	182.7	210.0	209.7	198.4	200.2	235.0	243.1
Pork	201.4	190.1	219.1	221.7	223.9	240.7	229.1	230.8	235.1	239.6
Poultry	166.2	173.3	194.0	183.7	203.5	184.4	188.9	193.9	196.4	206.1
Fish	272.4	294.3	313.0	288.5	329.9	337.7	343.7	352.1	351.0	371.0
Dairy products	168.5	173.4	188.4	178.7	192.9	197.0	199.6	202.7	203.4	203.1
Processed fruits and vegetables	170.2	187.4	202.6	194.5	204.9	210.3	216.3	218.4	218.4	219.3
Refined sugar ³	n.a.	n.a.	108.3	112.0	108.2	110.6	116.2	112.8	113.5	114.7
Vegetable oil end products	174.2	198.1	209.4	193.9	212.9	212.2	210.4	211.7	210.6	214.2
Consumer finished goods less foods	161.8	172.1	188.9	177.8	186.0	188.3	189.5	190.8	193.3	194.8
Beverages, alcoholic	138.1	139.7	148.0	145.2	149.5	151.1	152.7	153.7	154.1	156.0
Beverages, nonalcoholic	187.2	198.1	212.1	207.3	212.5	219.1	220.2	221.0	223.8	224.9
Apparel	139.9	147.3	152.4	149.8	153.2	154.3	155.2	155.4	157.1	157.5
Footwear	158.9	168.7	183.2	176.2	186.5	191.2	192.7	194.9	196.9	203.6
Tobacco products	163.0	179.8	198.5	191.3	205.1	203.7	203.7	203.8	213.3	213.4
Intermediate materials ⁴	189.3	201.7	215.5	208.9	218.7	220.8	221.8	222.8	225.7	228.3
Materials for food manufacturing	180.6	181.7	202.3	191.3	208.1	210.1	207.9	210.7	214.4	217.3
Flour	147.8	118.9	141.5	127.5	144.0	145.6	151.7	150.9	148.2	153.1
Refined sugar ⁵	n.a.	n.a.	109.3	108.3	112.0	115.0	113.6	114.9	116.7	115.5
Crude vegetable oils	162.5	197.5	219.2	184.6	243.1	232.7	218.5	222.9	229.3	242.2

See footnotes at end of table.

Producer Price Indexes, U.S. average (not seasonally adjusted)—Continued

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
1967=100										
Crude materials ⁶	205.1	214.4	240.2	225.0	244.9	249.2	248.6	252.4	260.2	270.5
Foodstuffs and feedstuffs	190.1	190.9	215.4	201.3	218.5	224.0	221.3	224.7	232.9	243.6
Fruits and vegetables ⁷	178.4	192.2	218.2	204.2	209.8	225.9	217.4	218.3	230.7	259.5
Grains	205.9	165.0	182.5	170.8	176.9	182.0	189.0	184.7	184.4	189.3
Livestock	173.3	173.0	220.1	202.1	226.8	235.1	222.4	230.1	247.3	266.5
Poultry, live	166.9	175.4	199.8	188.8	211.1	184.9	192.4	198.5	206.0	217.8
Fibers, plant and animal	223.9	202.3	193.4	174.4	201.2	210.3	211.5	212.8	213.6	205.1
Milk	201.2	202.6	219.7	209.7	225.9	231.8	235.8	241.2	241.8	244.6
Oilseeds	204.4	236.7	224.1	195.3	219.5	226.7	228.7	235.6	238.6	245.9
Coffee, green	305.5	505.1	378.2	408.3	372.1	364.8	374.2	355.3	354.4	318.7
Tobacco, leaf	164.2	176.1	190.8	184.4	206.8	n.a.	201.6	205.7	205.0	202.5
Sugar, raw cane	185.5	149.5	190.2	192.5	193.3	206.9	192.5	195.6	191.1	197.7
All commodities	183.0	194.2	209.3	202.1	212.3	214.9	215.7	217.4	220.7	223.9
Industrial commodities	182.4	195.1	209.4	202.9	212.4	214.7	216.0	217.0	219.9	222.4
All foods ⁷	178.9	186.8	206.5	198.6	209.7	213.2	211.7	215.5	219.7	224.5
Farm products and processed foods and feeds	183.1	188.8	206.7	196.8	209.5	213.2	212.5	216.1	221.0	227.0
Farm products	191.0	192.5	212.7	198.9	215.3	220.7	219.2	222.4	230.1	240.5
Processed foods and feeds	178.0	186.1	202.6	194.9	205.5	209.0	208.1	211.9	215.3	218.7
Cereal and bakery products	172.1	173.4	190.2	185.0	190.9	193.3	195.8	196.4	196.9	199.1
Sugar and confectionery	190.9	177.4	197.8	193.8	202.5	205.4	202.6	204.5	204.8	206.1
Beverages	173.5	201.0	200.1	201.3	197.8	201.0	201.4	202.3	201.3	201.3
Wholesale spot prices, 9 foodstuffs	201.6	208.2	239.2	220.8	248.7	253.1	248.3	249.1	249.9	260.2

¹ Commodities ready for sale to ultimate consumer. ² Fresh and dried. ³ Consumer size packages, Dec. 1977=100. ⁴ Commodities requiring further processing to become finished goods. ⁵ For use in food manufacturing. ⁶ Products entering market for first time which have not been manufactured at that point. ⁷ Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables. n.a.=not available

Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)*

	Annual			1978					1979	
	1978	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
1967=100										
Consumer price index, all items	195.4	195.3	196.7	197.8	199.3	200.9	202.0	202.9	204.7	207.1
Consumer price index, less food	191.2	190.6	192.0	193.3	195.1	196.7	197.8	198.6	199.8	201.8
All food	211.4	213.8	215.0	215.4	215.6	216.8	217.8	219.4	223.9	228.2
Food away from home	218.4	217.8	219.9	221.7	223.2	224.6	225.9	227.4	230.2	233.4
Food at home	210.2	213.9	214.7	214.5	214.1	215.4	216.1	217.9	223.1	228.0
Meats ¹	206.8	216.5	214.5	213.2	212.7	215.3	217.6	219.4	227.6	238.6
Beef and veal	201.0	216.0	213.0	211.6	209.7	211.3	212.5	215.4	227.7	243.4
Pork	213.1	215.8	214.4	212.4	213.7	218.7	222.6	223.4	226.7	232.3
Poultry	172.9	178.4	185.2	179.1	177.9	177.3	176.0	177.6	181.2	185.8
Fish	275.4	273.5	275.6	277.2	280.0	281.7	285.4	286.5	290.4	293.0
Eggs	157.8	137.0	146.5	164.1	161.9	159.1	167.0	179.5	180.4	182.1
Dairy Products ²	185.6	184.8	185.3	186.1	188.8	191.1	193.2	196.4	198.4	200.6
Fats and Oils ³	209.6	210.9	213.5	214.5	215.4	216.3	216.9	217.6	218.1	219.2
Fruits and vegetables	212.9	223.5	225.6	221.4	216.2	216.3	210.4	209.7	221.6	226.5
Fresh	218.5	240.1	242.5	233.8	222.5	221.5	207.7	203.2	224.3	232.7
Processed	208.7	207.0	208.8	209.7	211.2	212.5	215.3	218.9	220.7	221.6
Cereals and bakery products	199.9	199.6	201.3	203.1	203.8	205.1	206.6	207.9	210.0	212.2
Sugar and sweets	257.5	259.0	260.4	252.0	261.8	262.3	263.8	264.9	268.2	270.2
Beverages, nonalcoholic	340.8	341.6	341.6	340.7	339.8	340.4	340.9	341.7	345.4	347.8
Apparel commodities less footwear	154.2	154.7	152.5	154.1	156.5	157.7	158.4	157.0	153.6	154.1
Footwear	163.8	163.8	162.1	163.5	165.7	167.8	169.1	169.6	168.7	168.9
Tobacco products	177.2	174.9	179.9	180.6	180.8	181.0	180.9	180.9	183.0	185.2
Beverages, alcoholic	159.8	159.5	160.1	161.0	162.0	163.1	163.9	164.8	166.0	167.7

¹ Beef, veal, lamb, pork, and processed meat. ² Includes butter. ³ Excludes butter.

Farm-Retail Price Spreads

Market basket of farm foods

	Annual			1978p					1979p	
	1976	1977	1978p	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Market basket¹:										
Retail cost (1967=100)	175.4	179.2	199.4	188.3	203.9	205.1	205.9	207.7	213.3	218.5
Farm value (1967=100)	177.8	178.1	207.4	191.0	213.1	214.0	209.1	218.9	230.8	239.5
Farm-retail spread (1967=100)	174.0	180.0	194.5	186.7	198.2	199.8	203.9	200.8	202.6	205.7
Farm value/retail cost (%)	38.3	37.5	39.3	38.3	39.5	39.4	38.4	39.7	40.9	41.4
Meat products:										
Retail cost (1967=100)	178.5	174.3	206.8	188.7	212.7	215.3	217.6	219.4	227.6	238.6
Farm value (1967=100)	170.1	169.8	211.5	190.2	219.6	224.6	215.0	231.9	249.3	262.4
Farm-retail spread (1967=100)	189.5	180.0	200.6	186.8	203.7	203.2	221.0	203.2	199.5	207.7
Farm value/retail cost (%)	53.8	55.0	57.8	56.9	58.3	58.9	55.8	59.7	61.8	62.1
Dairy products:										
Retail cost (1967=100)	168.5	173.3	185.5	178.8	188.8	191.1	193.2	196.4	198.4	200.6
Farm value (1967=100)	185.9	187.2	204.2	195.1	207.5	214.4	216.9	221.7	223.2	225.9
Farm-retail spread (1967=100)	153.3	161.3	169.3	164.6	172.5	170.8	172.6	174.4	176.8	178.6
Farm value/retail cost (%)	51.4	50.3	51.2	50.8	51.2	52.2	52.3	52.6	52.4	52.4
Poultry:										
Retail cost (1967=100)	157.0	158.1	172.9	161.5	177.9	177.3	176.0	177.6	181.2	185.8
Farm value (1967=100)	174.4	178.5	202.8	179.6	213.5	202.2	198.8	192.0	199.1	211.0
Farm-retail spread (1967=100)	140.2	138.4	143.9	143.9	143.4	153.2	154.0	163.6	163.9	161.4
Farm value/retail cost (%)	54.6	55.5	57.7	54.7	59.0	56.1	55.6	53.2	54.0	55.9
Eggs:										
Retail cost (1967=100)	174.9	169.1	157.8	159.1	161.9	159.1	167.0	179.5	180.4	182.1
Farm value (1967=100)	201.9	187.5	178.6	180.0	188.1	178.3	192.7	213.6	216.4	215.1
Farm-retail spread (1967=100)	135.8	142.5	127.6	128.9	124.1	131.3	129.9	130.2	128.3	134.5
Farm value/retail cost (%)	68.2	65.5	66.9	66.9	68.7	66.2	68.2	70.3	70.9	69.8
Cereal and bakery products:										
Retail cost (1967=100)	180.8	183.7	199.9	193.1	203.8	205.1	206.6	207.9	210.0	212.2
Farm value (1967=100)	162.3	138.2	163.8	155.1	162.0	164.6	164.4	165.7	164.5	168.1
Farm-retail spread (1967=100)	184.6	193.2	207.4	201.0	212.5	213.5	215.4	216.6	219.4	221.3
Farm value/retail cost (%)	15.4	12.9	14.1	13.8	13.6	13.8	13.6	13.7	13.4	13.6
Fresh fruits:										
Retail cost (1967=100)	161.3	187.9	230.1	196.0	264.7	258.1	225.6	208.4	216.9	225.4
Farm value (1967=100)	146.7	177.2	228.8	206.8	264.7	236.2	192.0	193.9	201.0	208.5
Farm-retail spread (1967=100)	167.8	192.7	230.7	191.1	264.7	267.9	240.7	214.9	224.1	233.0
Farm value/retail costs (%)	28.2	29.2	30.8	32.7	31.0	28.4	26.4	28.8	28.7	28.7
Fresh vegetables:										
Retail costs (1967=100)	179.1	200.6	216.2	209.1	198.5	200.1	200.1	203.8	238.6	246.9
Farm value (1967=100)	184.4	205.4	217.2	186.8	188.8	171.5	180.1	187.4	251.3	258.8
Farm-retail spread (1967=100)	176.5	198.3	215.8	219.6	203.0	213.6	209.5	211.5	232.6	241.3
Farm value/retail costs (%)	32.9	32.8	32.1	28.6	30.4	27.4	28.8	29.4	33.7	33.5
Processed fruits and vegetables.										
Retail cost (1967=100)	181.7	190.2	208.7	203.3	211.2	212.5	215.3	218.9	220.7	221.6
Farm value (1967=100)	202.8	188.5	213.2	206.4	214.5	214.8	213.9	213.7	232.2	230.5
Farm-retail spread (1967=100)	177.1	190.6	207.7	202.6	210.5	212.0	215.6	220.1	218.2	219.6
Farm value/retail costs (%)	20.2	18.0	18.5	18.4	18.4	18.3	18.0	17.7	19.1	18.8
Fats and oils:										
Retail costs (1967=100)	176.7	192.0	209.6	198.9	215.4	216.3	216.9	217.6	218.1	219.2
Farm value (1967=100)	206.4	249.3	257.6	225.4	271.6	262.4	247.3	256.8	249.5	285.0
Farm-retail spread (1967=100)	165.2	169.9	191.1	188.7	193.8	198.6	205.2	202.5	206.0	193.9
Farm value/retail cost (%)	32.5	36.1	34.1	31.5	35.0	33.7	31.7	32.8	31.8	36.1

¹ Market basket statistics have been revised to adopt weight structure of the new Consumer Price Index for all urban consumers (CPI-U). Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

Farm-retail price spreads

	Annual			1978p					1979	
	1976	1977	1978p	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Beef, Choice: ¹										
Retail price ² (cts./lb.)	148.2	148.4	181.9	161.7	187.4	187.6	187.8	193.6	204.9	215.3
Net carcass value ³ (cts.)	91.5	93.8	119.3	105.8	121.8	121.4	119.2	125.7	138.5	145.0
Net farm value ⁴ (cts.)	84.1	85.5	111.1	96.1	113.0	112.7	111.2	117.5	128.1	137.0
Farm-retail spread (cts.)	64.1	62.9	70.7	65.6	74.4	74.9	76.6	76.1	76.8	78.3
Carcass-retail spread ⁵ (cts.)	56.7	54.6	62.6	55.9	65.6	66.2	68.6	67.9	66.4	70.3
Farm-carcass spread ⁶ (cts.)	7.4	8.3	8.2	9.7	8.8	8.7	8.0	8.2	10.4	8.0
Farm value/retail price (%)	57	58	61	59	60	60	59	61	62	64
Pork: ¹										
Retail price ² (cts./lb.)	134.0	125.4	143.6	138.0	145.5	149.4	150.4	150.5	154.2	157.1
Wholesale value ³ (cts.)	105.2	99.0	107.7	106.9	110.7	114.8	111.0	112.2	116.0	116.0
Net farm value ⁴ (cts.)	71.0	65.6	76.6	77.4	78.6	82.6	76.6	78.5	82.4	85.0
Farm-retail spread (cts.)	63.0	59.8	67.0	60.6	66.9	66.8	73.8	72.0	71.8	72.1
Wholesale-retail spread ⁵ (cts.)	28.8	26.4	35.9	31.1	34.8	34.6	39.4	38.3	38.2	41.1
Farm-wholesale spread ⁶ (cts.)	34.2	33.4	31.1	29.5	32.1	32.2	34.4	33.7	33.6	31.0
Farm value/retail price (%)	53	52	53	56	54	55	51	52	53	54

¹ Revised series, for historical data and methodology see August 1978 issue of *Livestock and Meat Situation*, LMS-222. ² Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from USDA's meat price survey. ³ Value of carcass quantity equivalent to 1 lb. of retail cuts—beef adjusted for value of fat and bone byproducts. ⁴ Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts. ⁵ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. ⁶ Represents charges made for livestock marketing, processing, and transportation to city where consumed. p Preliminary.

Transportation Data

Rail rates, grain and fruit and vegetable shipments

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Rail freight rate index ¹										
All products (1969=100)	186.6	199.1	213.0	207.8	215.8	215.8	216.3	231.0	231.7	231.7
Farm Products (1969=100)	182.7	191.3	204.9	200.1	207.3	207.4	207.6	220.7	220.9	221.4
Food Products (1969=100)	185.1	195.3	210.0	203.9	212.9	212.6	213.1	228.2	228.2	228.2
Rail carloadings of grain (thou. cars) ²	25.5	23.9	25.8	22.4	24.4	28.5	27.6	24.8	21.7	20.6
Barge shipments of grain (mil. bu.) ³	31.0	29.3	31.3	19.5	32.2	37.6	33.1	26.7	20.9	22.2
Fresh fruit and vegetable shipments										
Rail (1,000 cwt.) ^{3,4,5}	*3.8	1,552	928	946	480	843	921	865	866	870
Truck (1,000 cwt.) ^{3,4,5}	*17.0	6,596	6,830	6,773	5,704	6,379	7,151	7,400	6,905	6,433

¹ Department of Labor, Bureau of Labor Statistics. ² Weekly average; from Association of American Railroads. ³ Weekly average; from Agricultural Marketing Service, USDA. ⁴ Preliminary data for 1977 and 1978. ⁵ Typical truck loads are about 40,000 pounds and average railcar/loads in 1975 were about 60,000 pounds. * Thousand carlots.

Livestock and Products

Livestock and products output and prices

	1977			1978					1979		
	III	IV	Annual	I	II	III	IV	Annual	II	II ¹	III ¹
Beef (mil. lb.)	6,321	6,220	24,986	6,106	5,938	5,923	6,043	24,010	5,675	5,400	5,425
Change (pct.) ²	-4	-3	-3	-3	-4	-6	-3	-4	-7	-9	-8
Pork (mil. lb.)	3,073	3,500	13,051	3,243	3,265	3,160	3,541	13,209	3,400	3,600	3,675
Change (pct.) ²	+2	-5	+5	-2	+3	+3	+1	+1	+5	+10	+16
Veal (mil. lb.)	205	201	794	178	149	139	134	600	100	75	75
Change (pct.) ²	0	-10	-2	-11	-20	-32	-33	-24	-44	-50	-46
Lamb and mutton (mil. lb.)	84	81	341	75	76	73	76	300	70	75	75
Change (pct.) ²	-9	-12	-6	-17	-12	-13	-6	-12	-7	-1	+3
Red meats (mil. lb.)	9,683	10,002	39,172	9,602	9,428	9,295	9,794	38,119	9,210	9,150	9,250
Change (pct.) ²	-2	-4	0	-3	-2	-4	-2	-3	-4	-3	-1
Broilers (mil. lb.)	2,424	2,248	9,227	2,327	2,547	2,567	2,443	9,884	2,560	2,750	2,775
Change (pct.) ²	+2	+3	+3	+8	+6	+6	+9	+7	+10	+8	+8

See footnotes at end of table.

Livestock and products output and prices—Continued

	1977			1978					1979		
	III	IV	Annual	I	II	III	IV	Annual	I ¹	II ²	III ³
Turkeys (mil. lb.)	672	645	1,892	228	400	680	676	1,984	285	480	725
Change (pct.) ²	-5	-3	-3	+9	+10	+1	+5	+5	+25	+20	+7
Total meats (mil. lbs.)	12,779	12,895	50,291	12,157	12,375	12,542	12,913	49,987	12,055	12,430	12,775
Change (pct.) ²	-2	-3	0	-1	0	-2	0	-1	-1	0	+2
Eggs (mil. doz.)	1,333	1,411	5,408	1,378	1,394	1,380	1,444	5,596	1,405	1,420	1,410
Change (pct.) ²	0	+4	+1	+4	+4	+4	+2	+3	+2	+2	+2
Milk (bil. lb.)	30.9	29.0	122.7	29.8	32.7	30.5	29.0	121.9	30.1	33.2	30.7
Change (pct.) ²	+3	+2	+2	0	-1	-1	0	-1	+1	+2	+1
Total livestock and products (1974=100)	107.6	106.4	106.2	102.9	107.3	106.0	105.6	105.7	102.8	107.6	106.9
Change (pct.) ²	-5	-7	+7	-4	-2	-1.5	+1	-5	-1	+3	+8
Prices											
Choice steers, Omaha											
(\$ per cwt.)	40.47	42.42	40.36	45.77	55.06	53.75	54.70	52.34	64-66	69-71	70.72
Barrows and gilts, 7-markets											
(\$ per cwt.)	43.85	41.38	41.07	47.44	47.84	48.52	50.05	48.46	51.53	44-46	43-45
Broilers, 9-city wholesale											
(cts. per lb.) ⁴	42.4	37.6	40.8	41.8	47.6	46.6	42.1	44.5	46-48	48-50	47-49
Turkeys, N.Y., wholesale											
(cts. per lb.) ⁵	53.1	61.3	54.0	60.2	61.4	68.2	77.1	66.7	69-71	64-66	62-64
Eggs, cartoned, Grade A large, N.Y.											
(cts. per doz.)	61.5	58.9	63.3	62.0	53.8	63.0	67.8	61.7	71-73	58-60	63-65
Milk, all at farm.											
(\$ per cwt.)	9.71	10.17	9.71	10.20	10.03	10.47	11.57	10.58	11.80-11.85	11.30-11.50	11.60-12.00
Livestock Prices received by farmers											
(1967=100)	178	177	175	195	215	220	232	216	251	252	

¹ Forecast. ² Change from year-earlier. ³ Does not add due to rounding of quarterly data. ⁴ Weighted average. ⁵ 8.16 pound young hens.

Dairy:

	Annual			1978					1979		
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb	
Milk production:											
Total milk (mil. lb.)	120,269	122,698	121,928	9,287	9,733	9,832	9,364	9,788	10,035	9,379	
Milk per cow (lb.)	10,879	11,181	11,240	852	899	907	864	902	925	867	
Number of milk cows (thou.)	11,055	10,974	10,848	10,903	10,832	10,837	10,837	10,853	10,848	10,819	
Milk prices, Minnesota-Wisconsin,											
3.5% fat (\$/cwt.) ¹	8.48	8.58	9.57	9.00	9.90	10.18	10.44	10.60	10.55	10.52	
Price of 16% dairy ration (\$/ton)	141	140	138	134	137	138	143	145	147	150	
Milk-to-dairy ratio (lb.) ²	1.53	1.39	1.53	1.52	1.81	1.64	1.62	1.63	1.61	1.59	
Stocks, beginning											
Total milk equiv. (mil. lb.) ³	3,844	5,708	8,626	8,742	11,147	10,662	10,048	9,215	8,730	8,709	
Commercial (mil. lb.)	3,719	5,299	4,916	5,174	5,585	5,241	4,973	4,602	4,475	4,659	
Government (mil. lb.)	124	410	3,710	3,568	5,562	5,421	5,075	4,613	4,254	4,050	
Imports, total milk equiv. (mil. lb.) ³	1,943	1,968	2,305	157	171	203	272	398	174	—	
USDA net removals:											
Total milk equiv. (mil. lb.) ³	1,236	6,080	2,743	556.6	4-126.8	3.9	4-141.8	4-61.5	194.3	50.6	
Butter:											
Production (mil. lb.)	978.6	1,085.6	999.0	95.7	64.5	71.1	66.7	77.2	97.4	—	
Stocks, beginning (mil. lb.)	10.9	47.1	184.9	195.7	282.4	266.6	251.8	228.8	206.9	208.6	
Wholesale price, Grade A Chicago (cts./lb.)	92.0	98.4	109.8	100.7	115.8	115.6	121.1	118.8	111.3	111.3	
USDA net removals (mil. lb.)	39.4	221.8	112.0	26.7	4-6.3	0	4-7.0	4-3.1	9.3	2.4	
Commercial disappearance (mil. lb.)	919.0	859.8	908.2	65.9	79.9	73.3	77.6	87.4	82.6	—	
American cheese:											
Production (mil. lb.)	2,048.8	2,042.4	2,093.6	154.3	149.2	159.0	153.5	171.8	173.8	—	
Stocks, beginning (mil. lb.)	307.8	411.4	422.1	413.7	451.8	432.5	409.9	382.7	378.8	376.0	
Wholesale price, Wisconsin assembly pt. (cts./lb.)	96.3	96.8	107.1	100.8	110.8	115.5	117.1	119.4	119.5	118.6	
USDA net removals (mil. lb.)	38.0	148.2	39.7	3	0	0	0	0	0	4.3	
Commercial disappearance (mil. lb.)	1,920.9	1,958.1	2,084.1	171.3	169.0	173.9	177.7	174.1	169.2	—	
Other cheese:											
Production (mil. lb.)	1,274.1	1,315.5	1,423.0	106.3	115.7	120.4	122.8	128.3	115.0	—	
Stocks, beginning (mil. lb.)	60.8	67.1	64.0	65.4	73.1	79.4	76.1	74.0	78.4	75.2	
Commercial disappearance (mil. lb.)	1,458.0	1,512.3	1,633.0	120.6	128.0	144.8	152.7	165.0	129.3	—	
Nonfat dry milk:											
Production (mil. lb.)	926.2	1,106.0	928.8	70.6	59.1	49.0	41.9	54.4	55.1	—	
Stocks, beginning (mil. lb.)	468.9	485.4	677.9	689.3	700.7	681.0	637.5	601.7	585.1	559.1	
Wholesale price, avg. manf. (cts./lb.)	63.4	66.5	71.4	68.0	72.5	73.2	74.7	76.5	76.4	—	
USDA net removals (mil. lb.)	157.1	461.7	285.0	22.6	7.7	6.9	4.9	3.4	3.5	1.1	
Commercial disappearance (mil. lb.)	719.2	681.6	666.8	54.2	62.3	53.5	52.6	47.6	56.0	—	
Frozen dessert production (mil. gal.) ⁴	1,154.0	1,147.4	1,159.6	75.5	103.1	90.6	79.2	71.0	74.3	—	

¹ Manufacturing grade milk. ² Pounds of ration equal in value to 1 lb. of milk. ³ Milk equivalent, fat-solids basis. ⁴ Domestic sales exceeded purchases. ⁵ Ice cream, ice milk, and sherbert.

Poultry and eggs:

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Eggs										
Farm production (mil.)	64,520	64,886	67,155	5,103	5,478	5,738	5,670	5,922	5,871	5,270
Average number of layers on farms (mil.)	274	275	281	282	280	285	290	291	291	290
Rate of lay (eggs per layer)	235	236	239	18.1	19.5	20.1	19.6	20.3	20.2	18.2
Cartoned price, New York, grade A										
large (cts./doz.) ¹	70.3	63.3	61.7	64.9	63.8	62.1	68.8	72.6	72.5	68.0
Price of laying feed (\$/ton)	151	152	152	146	149	150	154	156	157	159
Egg-feed price ratio (lb.) ²	7.8	7.3	6.9	7.5	7.2	7.0	7.4	7.9	7.7	7.6
Stocks, beginning of period:										
Shell (thou. cases)	22	28	39	33	48	43	23	35	38	22
Frozen (mil. lb.)	36.3	26.1	29.7	27.0	28.7	28.7	27.6	25.6	25.3	25.6
Replacement chicks hatched (mil.)	492	502	492	36.9	37.2	37.7	35.6	35.9	39.9	39.5
Broilers										
Federally inspected slaughter, certified (mil. lb.)	8,987	9,227	9,883	715.7	834.0	896.4	779.1	767.3	897.3	—
Wholesale price, 9-city, (cts./lb.)	40.2	40.8	44.5	43.1	44.9	42.0	42.0	42.2	45.8	49.2
Price of broiler grower feed (\$/ton)	168	171	169	164	168	169	174	174	179	179
Broiler-feed Price ratio (lb.) ¹	2.8	2.7	3.1	3.0	3.2	2.9	2.8	2.9	3.1	3.2
Stocks, beginning of period (mil. lb.)	22.3	32.9	29.4	27.5	20.9	21.1	22.8	23.2	20.1	17.9
Average weekly placements of broiler chicks, 21 States (mil.)	63.6	66.7	71.0	69.0	65.9	67.1	68.5	71.6	73.9	74.0
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	1,950	1,892	1,983	59.7	230.9	271.2	248.9	156.3	99.3	—
Wholesale price, New York, 8-16 lb.										
young hens (cts./lb.)	48.7	54.0	66.7	59.2	68.7	72.7	78.0	80.5	72.9	67.6
Price of turkey grower feed (\$/ton)	174	184	182	177	180	183	185	185	189	194
Turkey-feed price ratio (lb.) ²	3.7	3.9	4.6	42	4.8	4.9	5.0	5.4	5.0	4.6
Stocks, beginning of period (mil. lb.)	195.2	203.4	167.9	168.3	301.2	373.3	425.4	236.2	175.1	170.9
Poults hatched (mil.)	149.5	148.4	158.1	13.7	5.6	6.4	8.3	10.8	13.8	15.6

¹ Price of cartoned eggs to volume buyers for delivery to retailers. ² Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

Meat animals:

	Annual			1978					1979	
	1975	1976	1977	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Cattle on feed (7-States)										
Number on feed (thou. head) ¹	6,369	8,537	8,213	8,614	7,835	8,541	9,302	9,315	9,226	8,729
Placed on feed (thou. head) ²	18,095	18,976	20,817	1,519	2,478	2,779	1,890	1,747	1,589	1,305
Marketings (thou. head)	14,988	18,167	18,720	1,676	1,646	1,865	1,717	1,660	1,888	1,650
Other disappearance (thou. head)	939	1,133	1,383	181	126	153	160	176	198	170
Beef-steer-corn price ratio, Omaha (lb.) ³	15.8	15.2	19.9	22.2	27.8	26.8	26.3	26.6	28.4	30.3
Hog-corn price ratio, Omaha (lb.) ³	16.9	16.5	20.2	24.0	25.7	25.5	23.5	23.4	24.4	25.4
Commercial slaughter (thou. head) ⁴										
Cattle	40,911	42,654	41,856	3,270	3,223	3,408	3,269	3,047	3,304	2,736
Steers	17,819	18,879	19,342	1,557	1,441	1,537	1,520	1,499	1,715	1,444
Heifers	10,438	12,158	11,748	912	1,063	1,080	991	890	948	774
Cows	11,557	10,619	9,864	742	651	716	693	603	588	471
Bulls and stags	1,097	998	902	59	68	75	65	55	53	47
Calves	5,209	5,350	5,517	387	316	331	316	300	296	240
Sheep and lambs	7,835	6,714	6,356	402	455	476	430	411	402	364
Hogs	68,687	73,784	77,303	6,091	6,441	6,840	7,042	6,434	6,696	5,947
Commercial Production (mil. lb.)										
Beef	23,673	25,667	24,986	1,954	1,974	2,103	2,038	1,902	2,069	1,700
Veal	827	813	794	56	45	48	45	41	41	35
Lamb and mutton	399	361	341	22	25	27	25	24	23	22
Pork	11,586	12,488	13,051	1,013	1,095	1,176	1,236	1,129	1,147	1,001
Market prices										
Slaughter cattle:										
Choice steers, Omaha	44.61	39.11	40.38	45.02	54.26	54.93	53.82	55.54	60.35	64.88
Utility cows, Omaha	21.09	25.31	25.32	30.34	39.75	40.46	39.30	41.85	47.33	50.81
Choice veal, S. St. Paul	40.44	45.18	48.19	43.75	83.25	81.82	78.60	78.00	80.73	91.48
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	33.91	39.40	40.19	47.60	64.46	64.88	64.85	69.83	75.29	80.26
Slaughter hogs:										
Barrows and gilts, No. 1&2, Omaha ⁴	50.12	44.70	42.10	49.72	50.51	53.15	49.63	51.06	53.40	55.15
Barrows and gilts, 7-markets	48.32	43.11	41.07	48.83	50.00	52.23	48.36	49.57	52.13	54.42
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	44.80	36.54	35.42	44.12	52.91	51.84	47.01	44.49	42.26	52.54
Slaughter sheep and lambs:										
Lambs, Choice, San Angelo	44.45	49.87	54.28	64.88	62.88	62.50	62.00	65.83	73.80	69.12
Ewes, Good, San Angelo	15.34	17.69	19.19	26.94	31.88	33.25	34.75	36.67	36.90	37.62
Feeder lambs:										
Choice, San Angelo	41.40	51.28	55.12	76.31	80.38	78.00	79.88	82.33	86.30	84.50
Wholesale meat prices, Midwest ⁵										
Choice steer beef, 600-700 lb.	72.55	60.99	62.67	71.08	81.96	82.14	80.98	84.75	93.57	97.47
Canner and Cutler cow beef	42.90	52.00	51.55	62.92	77.50	80.25	85.00	87.88	100.05	102.28
Pork loins, 8-14 lb.	92.69	86.45	83.04	92.63	101.78	106.24	95.36	96.06	110.78	108.10
Pork bellies, 12-14 lb.	78.52	65.27	54.19	67.14	60.46	61.58	58.30	57.74	60.23	62.53
Hams, skinned, 14-17 lb.	84.06	79.79	76.50	87.76	90.70	99.71	105.24	99.86	83.58	86.27

See footnotes at end of table.

Meat animals:—Continued

	Annual			1977		1978				1979	
	1975	1976	1977	IV	I	II	III	IV	I	II	
Cattle on feed (23-States):											
Number on feed (thou. head) ¹	9,622	12,328	11,948	9,793	12,811	11,716	10,924	11,347	12,665	—	—
Placed on feed (thou. head) ²	24,685	25,508	27,647	9,551	6,490	6,558	7,352	8,656	—	—	—
Marketings (thou. head)	20,500	24,170	24,861	6,085	6,771	6,621	6,523	4,730	—	—	—
Other disappearance (thou. head)	1,479	1,718	1,935	448	789	734	406	608	—	—	—
Hogs and pigs (14-States):⁴											
Inventory (thou. head) ¹	47,170	41,855	47,120	49,123	48,308	44,680	47,205	49,300	51,130	50,511	—
Breeding (thou. head) ¹	6,283	6,368	6,788	7,186	7,324	6,946	7,450	7,463	8,089	8,344	—
Market (thou. head) ¹	40,887	35,487	40,332	41,937	40,984	37,734	39,755	41,837	43,041	42,167	—
Farrowings (thou. head)	8,417	9,996	10,382	2,565	2,285	2,870	2,658	2,796	2,659	73,548	—
Pig crop (thou. head)	60,476	72,580	74,161	18,421	15,626	20,716	19,195	20,027	18,260	—	—

¹ Beginning of period. ² Other disappearance excluded in 1973; not comparable with 1974 and 1975. ³ Bushels of corn equal in value to 100 pounds liveweight. ⁴ 220-240 lb. ⁵ Prior to Oct. 1975, Chicago. ⁶ Quarters are Dec. preceding year-Feb. (II), Mar-May (III), June-Aug (III), and Sept-Nov (IV). ⁷ Intentions. ⁸ Classes estimated.

Wool:

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
U.S. wool price, Boston ¹ (cts./lb.)	182	183	189	178	195	198	202	202	202	202
Imported wool price, Boston ² (cts./lb.)	214	224	230	223	234	234	235	235	235	246
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	106,629	95,485	102,246	8,228	9,370	8,066	8,061	7,454	9,974	n.a.
Carpet wool (thou. lb.)	15,117	12,526	13,009	826	1,352	1,182	1,118	823	1,396	n.a.

¹ Wool Price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2 1/2" and up. Prior to January 1976 reported as Territory fine, good French combing and staple. ² Wool Price delivered at U.S. mills, clean basis, Australian 64's, type 78, including duty (25.5 cents). Prior to January 1976 reported as Australian 64's combing, excluding duty. n.a. Not available.

Crops and Products

Feed grains:

	Marketing year ¹			1978					1979	
	1975/76	1976/77	1977/78	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Wholesale prices:										
Corn, No. 2 yellow, Chicago (\$/bu.)	2.75	2.30	2.26	2.21	2.13	2.22	2.28	2.27	2.29	2.35
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	4.46	3.49	3.54	3.49	3.43	3.61	3.67	3.64	3.71	3.73
Barley, feed, Minneapolis (\$/bu.)	2.38	2.35	1.68	1.69	1.77	1.81	1.88	1.79	1.71	1.69
Barley, malting, Minneapolis (\$/bu.) ²	3.52	3.13	2.27	2.33	2.37	2.26	2.47	2.40	2.30	2.33
Exports:										
Corn (mil. bu.)	1,711	1,684	1,948	129	177	140	154	160	1126	1124
Feed grains (mil. metric tons) ³	50.0	50.6	56.3	3.9	4.8	3.9	4.4	4.6	3.7	3.6
Marketing Year¹										
	1975/76	1976/77	1977/78	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar
Corn:										
Stocks, beginning (mil. bu.)	361	399	884	2,365	884	5,503	3,877	2,837	1,104	6,197
Domestic use:										
Feed (mil. bu.)	3,592	3,587	3,697	800	1,266	1,083	568	792	1,403	—
Food, seed, ind. (mil. bu.)	490	513	548	177	123	129	102	197	132	—
Feed grains: ⁴										
Stocks, beginning (mil. metric tons)	15.3	17.2	29.9	70.2	43.4	170.9	120.3	88.4	52.7	190.3
Domestic use:										
Feed (mil. metric tons)	116.1	112.6	117.0	25.7	39.1	33.8	17.4	27.0	44.2	—
Food, seed, ind. (mil. metric tons)	17.1	17.9	18.8	5.9	4.1	4.4	4.0	6.5	4.3	—

¹ Beginning October 1 for corn and sorghum; June 1 for oats and barley. ² No. 3 or better, 65% or better plump beginning October 1977. ³ Aggregated data for corn, sorghum, oats, and barley. ⁴ Based on Inspections for Export. p Preliminary.

Food grains:

	Marketing year ¹			1978					1979	
	1975/76	1976/77	1977/78	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Wholesale prices:										
Wheat, No. 1 HRW, Kansas City (\$/bu.) ²	3.74	2.88	2.72	2.84	3.24	3.42	3.48	3.39	3.42	3.50
Wheat, DNS, Minneapolis (\$/bu.) ²	3.74	2.96	2.66	2.72	3.07	3.21	3.32	3.15	3.12	3.12
Flour, Kansas City (\$/cwt.)	9.25	7.21	6.60	6.68	7.55	7.60	7.92	7.79	7.55	7.78
Flour, Minneapolis (\$/cwt.)	10.41	8.34	7.34	7.32	7.82	7.90	8.40	8.14	7.81	8.04
Rice, S.W. La. (\$/cwt.) ²	17.20	14.60	21.30	24.00	15.75	16.15	16.25	16.40	16.30	16.75
Wheat:										
Exports (mil. bu.)	1,173	950	1,124	100	127	120	95	93	73	—
Mill grind (mil. bu.)	601	628	616	49	51	55	53	49	61	—
Wheat flour production (mil. cwt.)	258	275	276	22	22	25	24	22	23	—

	Marketing Year ¹			1977			1978			
	1975/76	1976/77	1977/78	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec
Wheat:										
Stocks, beginning (mil. bu.)	435	665	1,112	1,390	1,112	2,400	1,994	1,528	1,177	2,137
Domestic use:										
Food (mil. bu.)	588	588	586	88	193	154	146	94	192	157
Feed and seed (mil. bu.) ⁴	134	160	264	39	177	28	42	19	154	41
Exports (mil. bu.)	1,173	950	1,124	152	382	225	279	238	493	309

¹ Beginning June 1 for wheat and August 1 for rice. ² Ordinary protein. ³ Long-grain, milled basis. ⁴ Feed use approximated by residual.

Vegetables:

	Annual			1978 ¹					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Wholesale prices:										
Potatoes, white, f.o.b. East (\$/cwt.)	5.90	5.52	5.20	3.92	3.89	4.35	4.50	4.46	5.02	4.95
Iceberg lettuce (\$/ctrn.) ¹	3.57	3.23	5.10	4.27	3.40	3.60	4.07	5.92	9.10	10.20
Tomatoes (\$/ctrn.) ¹	6.44	7.21	6.65	6.57	4.38	4.15	6.94	6.00	8.34	8.39
Wholesale price index, 10 canned veg. (1967=100)	160	170	175	168	181	186	186	186	186	188
Grower price index, fresh commercial veg. (1967=100)	173	197	212	201	202	191	180	213	265	288

¹ Std. carton 24's, f.o.b. shipping point. ² 2 layers, 5 x 6-6 x 6, f.o.b. Fla.-Cal.

Fruit:

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Wholesale price indexes:										
Fresh fruit (1967=100)	160.4	177.5	217.6	183.2	241.2	265.6	230.5	219.7	201.0	219.9
Dried fruit (1967=100)	234.9	338.4	355.3	284.3	317.5	472.3	574.3	575.4	579.3	579.7
Canned fruit and juice (1967=100)	174.4	190.4	213.9	204.1	220.0	222.3	227.9	231.2	231.7	233.1
Frozen fruit and juice (1967=100)	156.2	196.5	232.0	228.7	230.6	231.3	238.7	246.2	246.2	246.4
F.o.b. shipping point prices:										
Apples, Yakima Valley (\$/ctn.) ¹	7.46	9.11	n.a.	—	10.20	9.19	9.96	10.00	10.13	10.25
Pears, Yakima Valley (\$/box) ²	7.35	6.94	n.a.	9.11	—	8.83	9.00	9.00	9.13	10.11
Oranges, U.S. avg. (\$/box)	6.72	7.44	10.72	10.60	14.50	14.30	11.23	11.63	12.23	12.92
Grapefruit, U.S. avg. (\$/box)	5.76	6.27	6.46	5.83	13.60	9.42	6.91	6.22	6.56	6.96
Stocks, beginning:										
Fresh apples (mil. lb.)	2,569.3	2,249.0	2,138.0	1,658.1	11.5	1,445.5	3,449.2	3,225.8	2,596.6	2,065.3
Fresh pears (mil. lb.)	162.3	211.6	162.1	106.6	53.6	494.5	280.2	228.1	195.3	133.7
Frozen fruit (mil. lb.)	558.3	538.9	607.8	549.1	552.2	569.7	600.6	547.0	518.0	480.5
Frozen fruit juices (mil. lb.)	967.0	844.1	613.0	735.5	962.2	784.8	704.6	580.7	714.0	988.9

¹ Red Delicious, Washington extra fancy, carton tray pack. 80-125's. ² D'Anjou pears, Washington wrapped, U.S. No. 1, 90-135's. ³ Stocks as of January 1 of year listed.

Cotton:

	Marketing Year ¹			1978					1979	
	1975/76	1976/77	1977/78	Feb	Sept	Oct	Nov	Dec	Jan	Feb
U.S. price, SLM, 1-1/16 in. (cts./lb.)²										
U.S. price, SLM, 1-1/16 in. (cts./lb.) ²	58.0	70.9	52.7	52.9	60.0	64.1	65.7	64.4	61.5	60.6
Northern Europe prices:										
Index (cts./lb.) ³	65.3	81.7	70.6	66.4	74.0	76.9	79.4	79.2	77.0	76.1
U.S., SM 1-1/16 in. (cts./lb.) ⁴	71.4	82.4	66.0	66.0	75.1	77.8	79.4	79.3	76.0	75.3
U.S. mill consumption (thou. bales)	7,227.7	6,674.4	6,462.5	521.4	592.7	501.7	618.4	452.7	624.4	—
Exports (thou. bales)	3,311.3	4,783.6	5,484.1	527.8	410.3	298.3	374.3	489.6	544.2	—

¹ Beginning August 1. ² Average spot market. ³ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. ⁴ Memphis territory growths.

Fats and oils:

	Marketing year ¹			1978					1979	
	1974/75	1975/76	1976/77	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Soybeans:										
Wholesale price, No. 1 yellow, Chicago (\$/bu.)	6.34	5.25	7.36	5.57	6.47	6.76	6.66	67.9	6.85	7.28
Crushings (mil. bu.)	701.3	865.1	790.2	75.4	71.4	89.3	89.6	96.4	90.6	—
Processing margin (\$/bu.) ²	.17	.16	.19	.28	.52	.41	.25	.43	.43	—
Exports (mil. bu.)	420.7	555.1	564.1	54.4	38.0	87.6	101.7	70.6	77.0	—
Soybean oil:										
Wholesale price, crude, Decatur (cts./lb.)	30.7	18.3	23.9	21.7	27.8	27.2	24.9	25.8	25.8	27.9
Production (mil. lb.)	7,375.3	9,629.8	8,577.9	809.4	783.3	984.3	974.8	1,050.4	986.1	—
Domestic disappearance (mil. lb.)	6,518.1	7,906.1	7,454.4	717.0	626.1	785.9	779.9	720.0	543.3	—
Exports (mil. lb.)	1,028.3	975.8	1,547.6	149.8	206.0	113.5	171.2	196.9	232.2	—
Stocks, beginning (mil. lb.)	793.5	560.6	1,250.6	913.8	777.5	728.6	813.4	837.1	970.6	946.0
Soybean meal:										
Wholesale price, 44% protein, Decatur (\$/ton)	130.86	147.77	199.80	152.90	163.90	176.80	177.10	188.75	184.90	191.58
Production (thou. ton)	16,701.5	20,754.2	18,488.1	1,778.4	1,694.6	2,114.7	2,099.2	2,292.2	2,157.4	—
Domestic disappearance (thou. ton)	12,501.3	15,551.6	14,000.8	1,335.8	1,263.1	1,640.8	1,625.3	1,470.5	2,013.5	—
Exports (thou. ton)	4,298.8	6,144.8	4,559.2	524.2	422.7	477.5	507.5	738.5	638.9	—
Stocks, beginning (thou. ton)	507.3	358.3	354.9	251.7	234.1	242.9	239.5	205.9	289.1	243.5
Margarine, wholesale price, Chicago (cts./lb.)	44.3	37.9	31.4	34.6	48.2	47.8	48.4	46.5	48.4	48.4

¹ Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1974, 1975, and 1976 for margarine. ² Spot basis, Illinois shipping points.

Sugar:

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Wholesale price, N.Y. (\$/cwt.) ¹	13.31	¹ 10.99	—	—	—	—	—	—	—	—
U.S. deliveries (thou. short tons) ^{1,2}	10,856	11,207	¹ 10,841	772	1,014	888	849	¹ 840	¹ 872	¹ 728

¹ Raw value. ² Excludes Hawaii. ³ Ten month average. ⁴ Preliminary.

Tobacco:

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Prices at auctions:										
Flue-cured (cts./lb.) ¹	110.4	117.6	135.2	—	141.2	135.5	124.9	—	—	—
Burley (cts./lb.) ¹	114.2	120.0	¹ 131.2	121.7	—	—	132.8	131.2	129.2	126.0
Domestic consumption²										
Cigarettes (bill.)	617.9	592.0	³ 614.2	49.3	50.3	53.4	53.7	42.1	55.5	—
Large cigars (mil.)	5,265	4,880	³ 4,605	354.9	427.5	446.4	408.7	352.7	251.2	—

¹ Crop year July-June for flue-cured, October-September for burley. ² Taxable removals. ³ Subject to revision.

Coffee:

	Annual			1978					1979	
	1976	1977	1978 p	Feb	Sept	Oct	Nov	Dec	Jan	Feb p
Composite green price, N.Y. (cts./lb.)										
Imports, green bean equivalent (mil. lb.) ¹	142.48	256.38	162.32	191.31	156.23	156.13	151.87	142.66	139.42	131.47
	2,717	1,974	2,448	217	182	259	234	228	249	¹ 235
Roastings (mil. lb.)²										
Annual			1977					1978		
1976	1977	1978	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	p
2,519	1,892	2,156	313	522	591	470	500	595	¹ 655	

¹ Green and processed coffee. ² Instant soluble and roasted coffee. p Preliminary. ³ Forecast.

General Economic Data

Gross national product and related data

	Annual			1977				1978				
	1976	1977	1978	I	II	III	IV	I	II	III	IV	
	\$ Bil. (Quarterly data seasonally adjusted at annual rates)											
Gross national Product ¹	1,700.1	1,887.2	2,107.6	1,806.8	1,867.0	1,916.8	1,958.1	1,992.0	2,087.5	2,136.1	2,214.8	
Personal consumption expenditures	1,090.2	1,206.5	1,340.1	1,167.7	1,188.6	1,214.5	1,255.2	1,276.7	1,322.9	1,356.9	1,403.9	
Durable goods	156.6	178.4	197.8	173.2	175.6	177.4	187.2	183.5	197.8	199.5	209.1	
Nondurable goods	442.6	479.0	526.5	465.9	473.6	479.7	496.9	501.4	519.3	531.7	553.4	
Clothing and shoes	75.7	81.5	89.0	78.5	79.3	81.4	86.7	82.9	87.5	90.5	95.3	
Food and beverages	225.8	245.2	269.4	237.5	244.5	246.4	252.6	257.7	267.8	272.0	279.9	
Services	491.0	549.2	616.2	528.6	539.4	557.5	571.1	591.8	605.8	625.8	641.4	
Gross Private domestic Investment	243.0	297.8	345.6	272.5	295.6	309.7	313.5	322.7	345.4	350.1	364.0	
Fixed Investment	232.8	282.3	329.6	262.2	278.6	287.8	300.5	306.0	325.3	336.5	350.5	
Nonresidential	164.6	190.4	222.6	180.6	187.2	193.5	200.3	205.6	220.1	227.5	237.1	
Residential	68.2	91.9	107.0	81.6	91.4	94.3	100.2	100.3	105.3	109.0	113.4	
Change in business Inventories	10.2	15.6	16.0	10.3	17.0	21.9	13.1	16.7	20.1	13.6	13.5	
Net exports of goods and services	7.4	11.1	18.0	8.5	5.9	7.0	23.2	24.1	5.5	10.7	7.6	
Exports	163.2	175.5	204.8	170.9	178.1	180.8	172.1	181.7	205.4	210.1	221.9	
Imports	155.7	186.6	216.8	179.4	184.0	187.8	195.2	205.8	210.9	220.8	229.5	
Government purchases of goods and services	359.5	394.0	433.9	375.0	388.8	399.5	412.5	416.7	424.7	439.8	454.5	
Federal	129.9	145.1	153.8	138.3	142.9	146.8	152.2	151.5	147.2	154.0	162.5	
State and local	229.6	248.9	280.2	236.7	245.9	252.7	260.3	265.2	277.6	285.8	292.0	
1972 \$ Bil. (Quarterly data seasonally adjusted at annual rates)												
Gross national product	1,271.0	1,332.7	1,385.7	1,306.7	1,325.5	1,343.9	1,354.5	1,354.2	1,382.6	1,391.4	1,414.7	
Personal consumption expenditures	819.4	857.7	891.7	846.6	849.5	858.0	876.6	873.5	886.3	895.1	911.8	
Durable goods	125.9	137.8	144.6	134.9	136.2	136.9	143.0	137.8	145.8	144.8	150.1	
Nondurable goods	320.2	330.4	339.6	327.1	327.2	329.2	338.1	333.3	336.3	340.4	348.5	
Clothing and shoes	64.2	66.6	70.9	64.9	65.1	66.2	70.2	66.8	69.5	71.8	75.2	
Food and beverages	158.8	165.1	165.4	163.3	164.7	164.9	167.6	165.6	164.7	164.8	166.4	
Services	373.2	389.5	407.4	384.6	386.0	391.8	395.6	402.4	404.2	410.0	413.1	
Gross Private domestic Investment	173.4	196.3	210.6	186.1	197.1	201.7	200.3	205.7	213.1	210.4	213.4	
Fixed investment	166.8	187.4	200.1	180.3	187.1	189.5	192.8	193.4	200.4	201.4	205.2	
Nonresidential	118.9	129.8	140.2	126.8	129.1	130.8	132.5	133.8	140.5	141.7	144.9	
Residential	47.8	57.7	59.8	53.5	58.0	58.8	60.3	59.5	59.9	59.7	60.3	
Change in business Inventories	6.7	8.9	10.6	5.8	10.0	12.2	7.5	12.3	12.7	9.0	8.2	
Net exports of goods and services	15.4	9.5	8.4	11.2	11.0	12.5	3.1	2.9	11.3	9.2	10.2	
Exports	95.9	98.2	107.0	97.1	98.9	100.8	96.0	99.1	108.4	109.0	111.7	
Imports	80.5	88.7	98.6	85.9	87.9	88.2	92.9	96.2	97.1	99.7	101.5	
Government purchases of goods and services	262.8	269.2	275.0	262.8	267.9	271.7	274.5	272.1	271.9	276.7	279.4	
Federal	96.6	101.6	100.3	98.7	101.3	102.9	103.6	101.2	97.1	100.4	102.5	
State and local	166.2	167.6	174.7	164.1	166.6	168.8	170.9	170.8	174.8	176.3	176.9	
New plant and equipment expenditures (\$ bil.)	120.49	135.80	153.09	130.16	134.24	140.38	138.11	144.25	150.76	155.41	163.96	
Implicit Price deflator for GNP (1972=100)	133.76	141.61	152.09	138.27	140.86	142.63	144.56	147.10	150.98	153.52	156.56	
Disposable income (\$bil.)	1,184.4	1,303.0	1,451.8	1,248.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.3	1,468.4	1,513.9	
Disposable income (1972 \$bil.)	890.1	926.3	966.1	904.8	918.6	931.9	949.6	952.1	960.3	968.7	983.2	
Per capita disposable income (\$)	5,504	6,009	6,643	5,772	5,934	6,077	6,250	6,837	6,566	6,712	6,906	
Per capita disposable income (1972 \$)	4,136	4,271	4,421	4,185	4,241	4,293	4,365	4,370	4,399	4,428	4,485	
U.S. Population, tot. incl. military abroad (mil.)	215.1	216.8	218.5	216.2	216.6	217.1	217.5	217.9	218.3	218.8	219.2	
Civilian population (mil.)	213.0	214.7	216.4	214.1	214.5	214.9	215.4	215.8	216.2	216.6	217.1	

See footnotes at end of next table.

Selected monthly indicators

	Annual			1978					1979	
	1976	1977	1978	Feb	Sept	Oct	Nov	Dec	Jan	Feb
Monthly data seasonally adjusted except as noted										
Industrial production, total ² (1967=100)	129.8	137.1	145.2	139.2	147.8	148.7	149.5	150.8p	150.8p	151.2p
Manufacturing (1967=100)	129.5	137.1	145.6	139.4	148.7	149.5	150.4	151.8p	151.9p	152.4p
Durable (1967=100)	121.7	129.5	139.3	131.5	142.8	144.0	144.9	146.5p	146.0p	146.7p
Nondurable (1967=100)	140.9	148.1	154.8	150.6	156.7	157.4	158.4	159.4p	160.3p	160.8p
Leading economic indicators ³ (1967=100)	128.8	136.4	141.9	140.3	142.7	143.8	143.5	144.1	143.6	142.3p
Employment ⁴ (Mil. persons)	87.5	90.5	94.4	91.2	95.0	95.2	95.8	95.9	96.3	96.6
Unemployment rate ⁴ (%)	7.7	7.0	6.0	6.1	5.9	5.8	5.8	5.9	5.8	5.7
Personal income ⁵ (\$bil. annual rate)	1,380.9	1,529.0	1,708.0	1,625.0	1,744.7	1,768.7	1,785.6	1,811.6p	1,817.9p	1,829.0p
Hourly earnings in manufacturing ⁶ (\$1)	5.22	5.67	6.17	5.98	6.28	6.32	6.38	6.47	6.48	650.p
Money stock (daily average) ⁷ (\$bil.)	313.5	338.7	361.5	342.4	361.1	361.6	361.0	361.5	359.9p	358.8p
Time and savings deposits (daily average) ⁷ (\$bil.)	489.7	544.4	611.4	555.9	593.7	597.9	608.8	611.4	616.0p	620.3p
Three-month Treasury bill rate ⁸ (%)	4.989	5.265	7.221	6.457	7.836	8.132	8.787	9.122	9.361p	9.265p
Aaa corporate bond yield (Moody's) ⁹ (%)	8.43	8.02	8.73	8.47	8.69	8.89	9.03	9.16	9.25	9.26p
Interest rate on new home mortgages ¹⁰ (%)	8.99	9.01	9.54	9.18	9.73	9.83	9.87	10.02	10.18	—
Housing starts, private (including farm) (thous.)	1,537.5	1,987.1	2,020.3	1,659	2,024	2,054	2,107	2,074	1,669p	1,411p
Auto sales at retail, total ¹¹ (mil.)	10.1	11.2	11.3	10.5	10.8	11.1	11.0	11.2	11.0p	—
Business sales, total ¹² (\$bil.)	200.8	223.8	254.7	239.6	260.5	266.9	270.1	273.8	273.7p	—
Business Inventories, total ¹² (\$bil.)	309.2	334.8	379.4	343.9	369.5	372.6	376.6	379.4	384.8p	—
Sales of all retail stores ¹² (\$bil.)	53.5	59.0	65.0	51.5	66.3	67.4	68.6	70.3	71.0p	71.5p
Durable goods stores (\$bil.)	17.5	19.9	22.2	20.4	22.8	23.6	23.9	25.2	25.3p	25.3p
Nondurable goods stores (\$bil.)	36.0	39.1	42.8	41.1	43.5	43.8	44.7	45.8	45.8p	46.2p
Food stores (\$bil.)	12.2	13.0	14.3	13.9	14.5	14.7	14.9	15.3	15.6p	15.6p
Eating and drinking places (\$bil.)	4.8	5.3	5.9	5.5	6.1	6.1	6.0	6.2	6.1p	6.4p
Apparel and accessory stores (\$bil.)	2.8	2.8	3.1	2.8	3.2	3.1	3.3	3.4	3.3p	3.2p

¹ Department of Commerce. ² Board of Governors of the Federal Reserve System. ³ Composite index of 12 leading indicators. ⁴ Department of Labor, Bureau of Labor Statistics. ⁵ Not seasonally adjusted. ⁶ December of the year listed. ⁷ Moody's Investors Service. ⁸ Federal Home Loan Bank Board. ⁹ Adjusted for seasonal variations, holidays, and trading day differences. p. Preliminary.

U.S. Agricultural Trade

U.S. agricultural exports

	October-January				January					
	1977/78	1978/79	1977/78	1978/79	1978		1979			
					Thou. units	\$ Thou.	Thou. units	\$ Thou.		
Animals, live, excl. poultry	—	—	41,108	59,548	—	—	7,127	9,633		
Meat and preps., excl. poultry (mt)	138	136	208,503	271,771	34	29	49,226	58,447		
Dairy products, excl. eggs	—	—	48,766	29,846	—	—	13,031	6,830		
Poultry and poultry products	—	—	111,574	122,128	—	—	27,015	29,229		
Grains and preparations	—	—	2,710,759	3,498,907	—	—	649,713	758,277		
Wheat and wheat flour (mt)	7,854	10,259	882,204	1,403,307	1,818	1,954	213,369	274,349		
Rice, milled (mt)	608	758	212,466	296,519	93	164	38,246	59,818		
Feed grains (mt)	16,145	16,572	1,525,989	1,707,561	3,790	3,796	377,891	402,150		
Other	—	—	90,100	91,420	—	—	20,207	21,960		
Fruits, nuts, and preparations	—	—	418,325	510,786	—	—	87,859	105,839		
Vegetables and preparations	—	—	152,228	201,087	—	—	38,146	49,449		
Sugar and preps., incl. honey	—	—	21,412	22,074	—	—	7,099	5,881		
Coffee, tea, cocoa, spices, etc. (mt)	19	27	55,875	83,115	6	6	21,304	20,028		
Feeds and fodders	—	—	515,537	694,084	—	—	163,991	185,634		
Protein meal (mt)	1,813	2,293	342,595	485,264	592	619	113,565	132,520		
Beverages, excl. distilled alcoholic (hl)	97	107	3,538	4,259	21	19	791	869		
Tobacco, unmanufactured (mt)	101	138	425,203	634,411	24	16	95,808	78,630		
Hides, skins, and furskins	—	—	238,631	376,869	—	—	82,978	126,095		
Oilsseeds	—	—	1,872,132	2,685,074	—	—	357,100	572,614		
Soybeans (mt)	7,483	9,166	1,646,421	2,339,401	1,431	2,095	323,006	556,969		
Wool, unmanufactured (mt)	1	1	10,185	11,478	(1)	(1)	1,871	2,096		
Cotton, unmanufactured (mt)	356	388	406,024	529,992	123	124	158,830	176,117		
Fats, oils, and greases (mt)	447	441	182,228	222,081	97	110	39,011	56,888		
Vegetable oils and waxes (mt)	490	651	286,927	380,497	123	165	70,997	104,676		
Rubber and allied gums (mt)	4	2	5,602	2,354	(1)	1	4	978		
Other	—	—	272,733	298,625	—	—	65,360	83,697		
Total	—	—	8,047,290	10,638,986	—	—	1,937,261	2,431,907		

¹ Less than 500. NOTE: 1 metric ton (mt) = 2,204.622 lb., 1 hectoliter (hl) = 100 liters = 26.42008 gal.

U.S. agricultural exports by regions

Region ¹	October-January		January		Change from Year-earlier	
	1977/78	1978/79	1978	1979	Oct-Jan 1978	January 1978
	\$ Mil.				Pct.	
Western Europe	3,002	3,723	735	828	+24	+13
Enlarged European Community	2,336	2,918	564	623	+25	+10
Other Western Europe	666	805	171	205	+21	+20
Eastern Europe and USSR	601	588	195	197	-2	+1
USSR	370	246	130	116	-34	-11
Eastern Europe	231	342	65	81	+48	+25
Asia	2,659	3,869	654	949	+46	+45
West Asia	336	492	103	115	+46	+12
South Asia	109	188	34	53	+72	+56
East and Southeast Asia, ex. Japan and China	765	1,059	208	289	+38	+39
Japan	1,375	1,741	297	387	+27	+30
China	74	389	12	105	+426	+775
Latin America and Caribbean	715	1,182	149	216	+65	+45
Brazil	68	186	21	17	+174	-19
Mexico	194	382	28	48	+97	+71
Canada, excluding transshipments	485	568	110	127	+17	+15
Canadian transshipments	130	193	(²)	(²)	+48	-
Africa	399	455	81	100	+14	+23
North Africa	234	222	41	67	-5	+63
Other Africa	165	233	40	33	+41	-17
Oceania	57	61	13	16	+7	+23
Total ³	8,048	10,639	1,937	2,433	+32	+26

¹ Not adjusted for transshipments. ² Less than \$500,000. ³ Totals may not add due to rounding.

Trade balance

	October-January		January	
	1977/78	1978/79	1978	1979
	\$ Mil.			
Agricultural exports ¹	8,048	10,639	1,938	2,432
Nonagricultural exports ³	31,246	41,352	7,276	9,917
Total exports ³	39,294	51,991	9,214	12,349
Agricultural imports ³	4,201	5,345	1,247	1,475
Nonagricultural imports ⁴	47,016	55,976	11,561	14,458
Total imports ⁴	51,217	61,321	12,808	15,933
Agricultural trade balance	3,847	5,294	691	957
Nonagricultural trade balance	-16,770	-14,624	-4,285	-4,541
Total trade balance	-11,923	-9,330	-3,594	-3,584

¹ Domestic exports (F.A.S. value). ² Domestic and foreign exports excluding Department of Defense grant-aid shipments, (F.A.S. value). ³ Imports for consumption (customs value). ⁴ General imports, (customs value).



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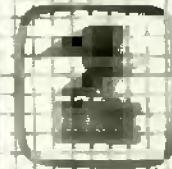
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